

REPORT OF THE LAND & CAPITAL POLICY WORKING GROUP TO THE 1978 CONF

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I. LAND - GENERAL

1. Let's begin by getting terms straight. In this report we take the relatively orthodox meaning of land as a factor of production:

LAND IS naturally occurring resources, usually as used for production. Thus it includes rivers, soil-types, minerals but is restricted to their unworked or 'unimproved' state. It does not include improvements on land (housing, factories, irrigation).

Its SITE VALUE is a combination of expertly assessed advantages of the particular site; community-provided services and development to or around the site, e.g. access, electricity, water services, nearby parks; and the value conferred on the site by community decisions on its permitted uses. By definition, land or SITE VALUE is generated not by individual productive effort but by the community around it.

2. Land is the ultimate limited resource. New Zealand has about 27 million hectares of it. Subtract from that the mountains, wetlands, uninhabitable and protected areas, and the size of the New Zealand land resource for all other uses is 15-20 million hectares (more or less, depending on what you decide needs protecting). Now and for the rest of human history.
3. Land must be central to Values' political and economic philosophy. It places the implacable limit on human activity. It is a primary source of New Zealand's wealth. It is a primary factor in our history and our culture. Its configuration is our home, the place where our roots are, the place where we stand in dignity and live in security. No political philosophy in New Zealand has yet fully appreciated the crucial social and economic importance of land to New Zealand - to the extent they're imported, they can't. Values has begun to: (over)

If you EAT
you depend on AGRICULTURE
If you depend on AGRICULTURE
you depend on LAND.

If you need a SPACE -
for a home, for work,

you need LAND

INVEST IN LAND.
ME BOY. THEY'VE
STOPPED MAKING IT.
- Mark Twain.

If families are to have proper food, clothing and shelter, and meet their other needs ...



REMIT 1 THAT this Conference adopt as a basic statement on land:

- (a) VALUES RECOGNISES land as New Zealand's most precious natural resource and unique among all resources in the degree to which it is crucial both socially and economically.
- (b) Land is crucial in the New Zealand economy not just as a factor of production in secondary industries and services but because the products of our land are our only major source of overseas income both now and in the future. As import prices continue to rise New Zealand will become even more dependent on the products of its land, and on the energy and sustenance our land provides. The care which we take in husbanding and conserving our land resource today will directly determine the standard of living our children enjoy tomorrow.
- (c) Land is crucial in New Zealand society not just as a principal source of our culture and recreation but because 'turangawaewae' the spiritual bond between the land and the people who regard it as home, is a principal source of the individual and collective identities of New Zealanders. Policies must ensure that this bond is respected and as far as possible strengthened, for the social health of our people and the ecological health of our country.

RECOMMENDED REMIT , 96% of working group in support.

1. LAND TENURE

4. The concept of TURANGAWAEWAE is taken as basic to Values' land policy and is most important in land tenure policy. The concept asserts the primacy of the essentially spiritual bond between land and the people who regard it as home. (Over above for example the concept of land as a commodity or land as an element to be subdued). This concept was one of the few in the whole range of this group's tasks to attract 100% support. It is important to note that turangawaewae strikes a basically different direction from traditional Judeo-Christian (European) attitudes to land; that it is not tied to individual ownership and use; and that it does not prohibit against improvement.

MAN OIES,
LAND ENDURES

- Maori proverb.

LAND FOR MAORIS is our turangawaewae where we have dignity before all people. It is a tribal estate passed down from the ancestors to us as a trust for the generations to come.

Land is the very soul of the people.

- Te Roopu Matakite

5. We feel the fostering of the turangawaewae attitude-cum-bond is at once more likely in that it is already rooted in a part of New Zealand history and culture, and most effective in developing the real caring for the land in New Zealand that previous Values Conferences have demanded of a Values land policy. We point to:
- a) Land abuse in cases where turangawaewae doesn't exist:
 - i. where the users have no stake in the land;
 - ii. where the users' stake in the land is outweighed by their own narrow values of short-term materialistic gain

- b) caring and careful land use where turangawaewae does exist:
- i. the traditional Maori situation
 - ii. the family farm, especially that passed down from generation to generation
 - iii. the commune or ohu, where the commitment is to the land.
6. One basic point must be grasped by all if we are to get to grips with land tenure policy: land cannot be owned absolutely by any individual or group. In New Zealand ultimate ownership of the land - sovereignty - rests with the Crown. (Refer Appendix I.1) Insofar as it means anything at all, 'land ownership' means the titleholder's rights of tenure, use and enjoyment, transfer. For all effective purposes that's what we're talking about in this context, so we try to use 'titleholder' and 'rights of tenure' rather than the confusing and inaccurate 'owner'.
7. There are various types of title in New Zealand - fee simple ("freehold") leasehold, unit titles, cross-leasing.. This working group was given the task formulating a basic land tenure policy, and had referred to it the 'make it all community leasehold' option. WE REJECTED THE LEASEHOLD OPTION because:
- i. The leasehold option attracted less than 50% support in the group;
 - ii. We preferred to opt for variety (hence diversity, flexibility, local freedoms) in title form rather than one centrally imposed form of title. (This was brought out again when one group member proposed a 'stewardship' form of title, one which would get away from some adverse effects of leasehold while retaining its advantages. The group saw great merit in this form of title, but finally rejected the input because it was proposed as the only title form possible;
 - iii. Basically we felt leasehold was unnecessary and irrelevant to the real issues, or it tackled the real issues the wrong way round - the real issues being what are the rights, responsibilities, and attitudes of titleholders, not what is their form of title.
 - iv. Legislative change will not and cannot bring about turangawaewae and may in fact hinder its development. It could follow attitudinal change but it won't cause it. Instead it will cause overt governmental/bureaucratic control of tenures: and that's not on.

'(Fee simple) describes the closest approach one can get to land ownership... It is a form of tenure which is the right of holding real estate.... EXCEPT THAT the Crown has a right to resume ownership if it considers this to be in the public interest... To maintain his tenure, the owner of a freehold must meet his obligations to the Crown and pay his rates due to the local authority.'

- NZ Real Estate Institute

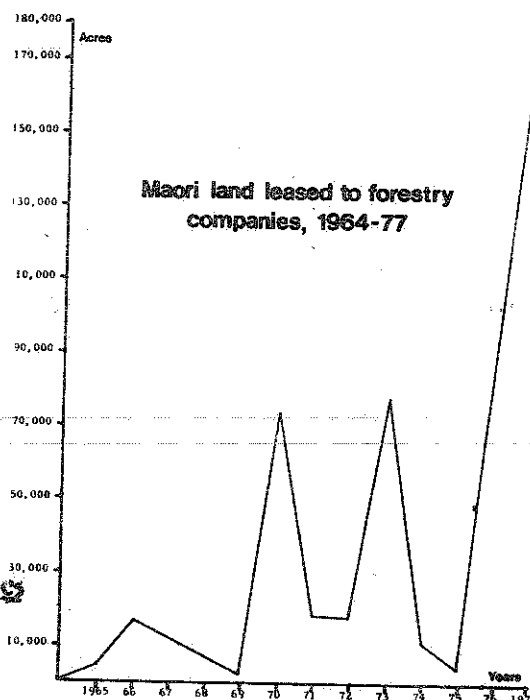
'Let us remember we are not really owners of anything. We are lifetime tenants. Someone else, some other time, will prosper or perish depending on the rent we pay and the care and maintenance we provide for this, our only one earth.'

- R.G. Norman, Asst. Commissioner of Works, 1977 Dobson Lecture.

About 70% of
NZ's dwelling units
are in 'freehold' tenure.

- v. Implementing a leasehold policy would involve massive social dislocations: the advantages if any probably aren't worth it, particularly if you can achieve them by other means - as we can.
- vi. The priority is sound land use and a just society. There is no necessary link between leasehold and either of these.

8. The group accepted that the real issues in land tenure were more to do with the rights and responsibilities of the titleholder. Normally of course we only hear about the rights; in keeping with our brief we tied these in with the corresponding responsibilities defined in accordance with turangawaewae. In keeping with our consensus we opted not simply to restate titleholders' rights but to enlarge them by making participation in decision-making a mandatory right rather than something dependent on the graciousness of local bodies.



REMIT 2 THAT this Conference adopt as a basic statement of goals on land tenure:

- (a) VALUES RECOGNISES that absolute ownership of land by individuals is inherently impossible. We seek a society in which all who hold titles in land are secure in their basic rights of tenure and appreciate their corresponding responsibilities.
- (b) We define basic rights of tenure as:
 - security of tenure within the law, including the right to 'near equivalent' compensation whenever rights of tenure are appropriated;
 - the right to bequeath tenure within the family or group;
 - the right to transfer titles (and hence the rights and responsibilities) at will;
 - the right to use and improve the land within the operating guidelines of the community;
 - the right to participate in deciding those guidelines and to seek judgement from an independent body when the guidelines are believed to unnecessarily restrict particular uses and improvements.
- (c) We define basic responsibilities of tenure as:
 - the responsibility to pay the rates, taxes or rents due on the title;
 - the responsibility of careful husbanding so that future titleholders can enjoy the advantages of the site.
- (d) Because of the basic importance of turangawaewae, Values in general opposes nationalisation, i.e. central government appropriating the rights and responsibilities of tenure.

Values would enable local government to appropriate the rights and responsibilities of tenure where the district decides that this will enhance the land's social or economic functions and the overall benefits to potential users outweighs the potential costs.

RECOMMENDED REMIT: (a) (b) (c) 85% support; (d) 80% support.

9. Part (d) above follows from existing policy and principles of decentralisation. Nationalisation was rejected outright by 75% of the working group, but the 'in some cases it may be necessary' argument won substantial support. Later in this report we specify 'some cases'. More immediately, the issue of the how of urban development came up. Current practice sees fortunate farmer and skilled developer making huge capital gains - with the costs being passed into inflationary cycles and onto the home-owner and the whole process helping to stratify society and yield a form of urban development that is wasteful, not very well planned for social effects, and garish. (A trip to the subdivisions between Johnsonville and Twaas is recommended for the sceptical.) The original proposal we considered talked of Urban Land Commissions, an option the group rejected as unnecessary and bureaucratic. Our final proposal has authoritative precedent in Sweden and Britain, provides a means of ensuring that the capital gains involved go to the community that generated them in the first place, and provides a better-than-even chance that social planning will in fact be considered before maximum profitability:

REMIT 3 A VALUES GOVERNMENT WOULD enable local government/bodies to buy at current use value that (rural) land accepted as requiring (urban) development, with the inconvenience of farmer being offered a near equal farm unit or compensated at current use value.

FORWARDED REMIT: 70% support.

10. The group saw aggregation of rural land, and its alienation by non-productive absentee titleholders, accompanied as it is by land waste, declining productivity, rural decay, and accelerating maldistribution of wealth, as an urgent issue and evolved specific policy. Compared to current Government efforts, our policy is simple and to the point; it is weighted to favour the productive user; and it manages to avoid establishing yet another arbitrary, bureaucratic and easily evaded Tribunal:

REMIT 4 A VALUES GOVERNMENT WOULD seek to eliminate absentee ownership of productive land by limiting titles in such land to those normally resident on it, and/or working on it.

RECOMMENDED REMIT: 80% support.

11. Following the theme of diversity, the group was keen to promote co-operative and smaller-scale titles. We were persuaded by our legal eagles that it wasn't a new form of title that was necessary, the mechanisms already existed but the supportive attitudes didn't. The priority is not new legislation so much as persuading financial institutions to lend and local bodies to amend restrictive bylaws. It is clearly within overall Party policy for members to get active locally doing precisely that. To make our overall attitude clear and recorded:

REMIT 5 THE VALUES PARTY PROPOSES investigating unit titles and other forms of tenure to make co-operative and extended family tenure of land more readily available.
RECOMMENDED REMIT: 95% support.

12. Existing Party policy supports the ohu scheme; the group endorsed this. A new proposal was put to the group involving a minimum land entitlement. It is based on the fact that there are many New Zealanders who have positively chosen the land in preference to the city (and up to 70% of us would if we could, according to the recent Housing Commission survey); and who actively wish to live at subsistence levels on the land to a greater or lesser extent outside the cash economy. Those still with us include the alternative lifestylers, the ohus and communes, the organic farmers, some smallholders. They often bring rare social and professional skills to a decaying rural community and an influx instead of outgo of young people. Many take Values as their political expression. The minimum land entitlement (it would be around 5 hectares per adult for those who chose it) is intended as an individual option to the guaranteed minimum income. The group on the whole welcomed the principle but roundly rejected (60% against) other parts of the original proposal calling for exemptions from building and health bylaws. Let us amend and make more flexible these bylaws by all means, said the group, but we must not have discriminatory exemptions:

REMIT 6 A VALUES GOVERNMENT WOULD promote the concept of a minimum land entitlement by allowing it as an option to the guaranteed minimum income.
FORWARDED REMIT: 60% support,

M. LAND USE

Land can no longer be considered an abundant resource in New Zealand.
- 1977 Yearbook, p.260

Ma wai e whakahoki te waiora ki a Papatuanuku?
Who will look after the health of Mother Earth?

Deserts Spreading As Land Abused

AT least 50,000,000 people live in areas that are slowly turning to desert because of humanity's abuse of the land, says a report prepared for this week's United Nations conference in Nairobi on desertification.

LAND USE NZ.	HECTARES (million)
Grassland	13.94
Crops	0.41
Exotic forest	0.70
Bush & native	5.90
Urban	0.37
Parks & reserves	2.65
Other (uninhabited)	2.90
TOTAL	26.87

ANNUAL LOSS OF LAND TO URBANISATION

The annual quantity of land lost annually to urban development over recent years was estimated at 1200 hectares, the Minister of Statistics (Mr Connelly) said yesterday.

Mr Connelly said no land transfer information was collected by any Government department in sufficient detail to give such information.

However, the economics division of the Ministry of Agriculture and Fisheries had estimated the amount to be approximately 3000 acres, or about 1200 hectares, over recent years.

- 1975, from 1977 Year book, p.260

13. Rapidly increasing demand on the available land resource occasioned by:

- i. population pressures - internal migration being more important here than absolute increases;
- ii. the continued development of extensive and inefficient land uses - e.g. the quarter-acre section and single-tier pastoral farming;

mean that there are now and will increasingly be conflicts over land use at all levels. Urban encroachment onto prime agricultural land (Hutt Valley in the 50s, South Auckland latterly), assisted by decided urban imbalances (Auckland, Christchurch); preservation versus production of remaining native forests; the change in consciousness against capital-intensive use of (e.g. high-rise buildings); and for more open spaces (e.g. Cashel St, Christchurch); the new demands for more public participation in planning ... all these issues and their like make Land Use planning of increasing political significance. How to decide between competing possibilities for land use will be a general issue with local examples in every electorate. Values is fortunate that already-adopted policies and principles of the Party, especially those stressing community control, participation, and ecologically and socially healthy land use, make Values answers on particular issues relatively easy to work out.

14. The new Town and Country Planning Act, 5 years in gestation and only 2 months in consideration (and at time of writing this not yet in force), does take several steps in right directions. It recognised environmental and Maori considerations as matters of principle; it rationalised much planning authority at the regional level; it budged on public participation, recognising the rights of bona fide interest groups; it budged on binding the Crown to local planning decisions ('at the discretion of the Minister'). Obviously there is further to go in each of these directions. By and large our recommended or already-adopted policy goes there.
15. Three general issues stand out from the complex ruck that is land-use planning as far as our group is concerned: The first is the need for a participatory rather than adversary system of decision-making. By and large our present system of decision-making sound, with local authorities making the fine decisions within a guiding Act, and with rights of appeal to independent bodies. In real terms, access could be made more available (the Party has a policy of legal aid for Town Planning appeals and advocate aid for Residents' Groups). The nub though is that the system demands that you oppose rather than propose; defy or defend rather than discuss; are advised rather than consulted; are consulted rather than participate positively. This of course varies markedly from one local authority to another, depending on their enlightenment or experience. The policy we propose seeks to reverse these emphases since we see constructive participation in such decision-making as among the rights of the individual titleholder, Apart from that difference in emphasis it endorses present procedures.
16. The principal planning instrument in use at the moment is zoning,

In zoning relatively large areas have permitted uses of a compatible type. Current use, population pressures, and compatibility seem the main criteria. Zoning is a fairly blunt instrument in practice, relegating whole areas to e.g. residential development (and rates) regardless of slip-prone hillsides and unfathomable gullies, or to a particular kind of agriculture regardless of soil-type and topography - and of course never the twain shall meet. We feel a more extensive range of physical and social factors must be considered in land-use decisions. A sad fact is that the data is available or becoming so. A much more subtle system, land classification is possible and has precedent overseas. It means many more kinds of zones and a much wider range of input being considered before the zoning, with self-evident social and ecological advantages. It is noteworthy that the Party already has policy recommending multiple rather than single uses especially in rural areas.

LAND SURVEYS AVAILABLE:

- Land Inventory Survey
- National Resources Survey
(Regional Resources too)
- Coastal Reserves Survey
- Scenic Reserves Survey
- Forest Surveys
- Catchment Surveys
- Erosion-prone Maps
- Water Management Maps
(from Land Information Handbook, 1977)

17. The third general issue involves defining what the 'some cases' where national long-term interests may override others in deciding land use and control. The working group in part (c) of the broad remit has collated existing Party policy on this and added in the need to protect land with high arable potential from urban development, and the need to ensure the rights of survival of wildlife. If only we had Governments implementing this kind of policy now, so many of the explosive conflicts in land use could be defused!

REMIT 7 THAT this Conference adopt as a statement of goals on land use:

- (a) VALUES AIMS TO ensure that land is used for the purposes to which it is best fitted. We would phase in a system of land use relying on land classifications based on detailed and updated national surveys of both physical factors (e.g. soil-types, climate, water) and social factors (e.g. history, population trends).
- (b) VALUES RECOGNISES that whatever system of land use is used there will always be conflicts over land use reflecting growths and changes in society itself. Values would protect the current practice that land use decisions are made at local levels within a structure that ensures rights of appeal to an independent body, and would extend that system to ensure central government agencies are included within it, and that the rights of titleholders and others affected to participate constructively in this decision-making are promoted.
- (c) Certain conflicts over land use involve long term national interests that may override other interests. Thus, in the interests of preserving our country's resources, Values would:

- (i) Ensure that some land representative of all land types from coastal to alpine is preserved in its natural state as an ecological safeguard and genetic pool for future generations;
- (ii) Safeguard land of vital recreational and ecological significance from destructive development;
- (iii) Safeguard land with high arable potential from urban encroachments;
- (iv) Ensure that respect is given to the rights of survival of non-human forms of life.

RECOMMENDED REMIT: (a) 80% support; (b) 100% support; (c) 90%.

18. The group considered a number of related remits already adopted as policy and felt some clarifying amendments were necessary: for example 75/267 reads as though the only subdividers for urban purposes shall be Regional Government - undoubtedly that is not what was meant; 75/105 reads 'enable...' - and it was pointed out that local bodies can already do this if they want to; and the group was keen to remove one of the anomalies of current land use practice, that it often costs the titleholder/ratepayer to protect certain land uses (e.g. farmers protecting a stand of native bush, residents preserving a site from inappropriate development). We believe our major proposal of Land Taxes provides a mechanism by which this can be not simply removed, but reversed.

REMIT 8 THAT this Conference amend policies:

- (i) 75/95 to read: A VALUES GOVERNMENT WOULD empower local bodies to declare residual areas of native bush or forest as natural reserves with compensation to the titleholder being normally by way of exemption from land taxes following its revaluation as a reserve.
- (ii) 75/267 to read: A VALUES GOVERNMENT WOULD give sole power to control subdivision of land for urban purposes to regional government;

(iii) 75/105 to read: A VALUES GOVERNMENT WOULD encourage urban local bodies to assume title to inner city land and lease it to users.

RECOMMENDED REMIT:

- (i) 90% support;
- (ii) 75% support;
- (iii) 80% support.

Town Planner Points To Way To Stop Urban Land Profiteering

EP 19/6/73

"THERE is a growing conviction overseas that the most effective and fairest way of controlling excessive land prices and of implementing planning policies at a reasonable cost is by the public acquisition and assembly of future urban land," said the director of town and country planning at the Ministry of Works (Mr G.A. Town) in Wellington last week.

REMIT 9: THE VALUES PARTY PROPOSES giving top priority in rural land use decisions to the preservation of native bush, the encouragement of multi-tier farming, organic farming, energy farming, market gardening, and orcharding.

RECOMMENDED REMIT:
90% support.

19. The working group felt quite strongly that a Party that stressed so much the 'community', in fact seeing the development of a 'community-based society' as one of its major objectives, was grossly lacking if it had no usable definition of what it meant by the term. It is in fact a very vague and vogue word, slippery of definition and therefore we suppose beloved by politicians. The issue came up most strongly in the context of community control of land use decision-making : those who purported to see 'community' as a pseudonym for 'nationalisation' were not going to take that! And because there are so many levels of decision-making involved in land use planning, clarification was necessary. A member of the group persistently argued that such community control extended to local body bureaucrats telling him where to plant his cabbages. That of course is a perversion of community control - by community control we mean control at the policy level not control at the cabbages level.

20. There are many interesting and noteworthy points in the proposed definition, which, it is hoped, will serve the Party across the broad range of policy not just here. We specifically include the interests of the future; we stress the smaller-scale; we acknowledge the different levels of community and oblige Values policy-makers to be precise about the level they mean; we stress the participation point again; we propose the community rather than the atomistic and equally ill-defined 'family' as the actual social unit. There are few communities in the sense we mean them present in New Zealand now - paradoxically perhaps, such communities seem to be growing faster in areas like Porirua, Otara, and Wainuiomata than elsewhere. The group was well aware of the inherent dangers of developing a 'decentralised' society wherein local ty ants merely replace central ty ants. The touchstone is participation: its opposite is apathy, or political alienation. Decentralising to an apathetic society would indeed be a monstrous outcome. A community-based society ^{must be} absolutely different....

REMIT 10 THAT this Conference adopt the following definition of 'community' as a basic guideline in the formulation and explanation of policy:

THE COMMUNITY IS the basic social unit in the sustainable society. It is a free collection of people having something definable in common, sufficiently large to provide the service under discussion and yet small enough for the individual to establish their identity within it. In choosing the word community we usually wish to stress:

- i) the common aspect that unites the group;
- ii) the small scale;
- iii) the participation of each individual;
- iv) the point that no individual can or should appropriate that power or service to themself;
- v) not simply the present collection of people but also future generations - i.e. 'community' includes the interests of the future.

Except where otherwise qualified the community means the scale defined below as 'district community'. Qualifications generally follow the terms of the Local Government Act 1974.

- general community refers to the national-scale, New Zealand level;
- regional community refers to the 20 or so regions envisaged in the 1974 Local Government Act, roughly approximating to current rugby provinces;
- district community refers to the current City, Borough, or County local authority levels;
- neighbourhood or local community refers to the people and area serviced by a branch of the Post Office and/or a primary school.

FORWARDED REMIT : 70% support.

II. LAND PRICES

21. In many ways this is the key section of this whole report. Certainly it is the area that has generated most interest and debate in the Party over the years. At the 1975 Conference and in the 1975 manifesto the Party adopted and proposed policies that virtually settled the direction of policy here, but efforts to make this explicit and put it in context have consistently run aground. This report can be counted as another major effort, this time using the benefits of experience to present the policy in a coherent and comprehensive form that finally settles the issue. The policy has major side-effects in the fields of tax reform, local government finance, decentralising social services, productivity both agricultural and industrial, and social justice. In essence it proposes a MECHANISM that would implement Party principles. Because the mechanism question is encountered so frequently across the board, and hence this policy if adopted would be, it is easy to come to regard this policy as amounting to Values policy. That is a trap which this working group wishes to strenuously warn against falling into: mechanism policies do not of themselves answer the questions "What for?", "What are your goals?"... nor should they necessarily be expected to. We insist that this policy is seen IN CONTEXT, as part of the overall package of Values policy, and not as the sufficient answer to all

A remit outlining a radical land policy scheme drew little more than confused responses from delegates to the Values Party conference which began in Dunedin yesterday.

FROM
1975
MANIFESTO,
BEYOND
TOMORROW :

Values' longer-term policy is to secure nearly all revenues at the point of basic resource use rather than on earnings... (p.27)

Refer too
pp 23,63,84.

Price Of Farm
Land £13/11
Up By 10pc

Issue Values Land Policy Unresolved

Inquiries at the Post Office Savings Bank confirmed the general impracticability of farm-ownership accounts.

The savings bank manager (Mr G H McRea) said a number of inquiries had been received from farmworkers and labourers, but the scheme was not overly successful.

Problem

"The main problem is that the amount of money they have to put in, in relation to land prices, is unrealistic.

"There's just too much other mortgage money to find in addition to obtaining money through the scheme," he said.

Further, farmworkers did not earn large salaries, and found it difficult to save money, compared with other wage and salary earners, he said.

The Post Office's home ownership scheme, however, was proving quite successful, said

MORE PROFITABLE TO OWN MORE LAND THAN TO START FARMING

Questioned during the Rangitikei by-election on how he would advise a young person to get onto a farm, the Minister of Agriculture (Mr. Macintyre) retorted: "Inherit it."

Buying A Farm Beyond Means Of Young Men

ASHBURTON, Today (PA). — A young man would have to save for 100 years before he could afford to buy a farm under the Post Office's Farm-ownership scheme, according to the secretary of Mid-Canterbury Federated Farmers (Mr A Lloyd).

	1967 Investment	1977 Investment	1977 Investment in 1967 "real" money value
Total land price	100,000	200,000	100,000
You	50,000	50,000	25,000
Me	50,000	150,000	75,000

Up To \$30,000
For Sections
At Lowry Bay

Of the 1976 total, 42 percent of the farms sold went to new farmers, 27 percent to farmers enlarging their holdings, 14 percent to farmers changing their farms, 12 percent to businessmen and 5 percent to others.

the 1974 record rise of 48 percent. The average rate of increase per year since the index was first compiled in 1960 has been 9.7 percent.

"It's a crazy setup," Mr Lloyd said today. "It's imperative we get young men into farming, as the average age of New Zealand farmers is increasing. Yet, because of unrealistic land prices, they are unable to save up and buy a farm, even by using the ownership scheme."

Farmers even have problems keeping the same farm in the family.

"They can't afford to pay the Government valuation on

their father's farm in order to retain it," said Mr Lloyd.

A family trust was one way around this particular problem, he agreed. "But you have to start early, and many farmers wait until they know their sons are going to be interested in farming."

No Incentive

Mr Lloyd was against land nationalisation on the grounds that it took away incentive for a man to improve his farm.

But, he agreed, the price of some farms was now beyond the reach of most farmers. Instead, they were being bought by overseas purchasers, or companies, as an investment. Once again, the farmer had no vested interest in improving the land, he said.

Whose effort results in rising land prices?
Where does land value come from?

AUCKLAND, Oct 31 (PA).—The capital gain to be made from the ownership of more land had become more profitable than the business of farming and increasing productivity on an existing area, a seminar on farm finance was told at Wiri today.

22. The key issue, the crucial land issue of our time in fact, is rising land prices. There is a tendency to see the main burden of this as a rural issue, and for city slickers to either leave it to the rural sector to worry about, or to ignore it. But even so far as it is a rural issue, it is of profound significance to the whole country, for our wealth in the world is vitally connected to the health of our rural sector: and impossible land prices is one of the chief factors making our rural sector sick. If we don't hear too much about it that may be because our mass media are urban-based, staffed by urbanely sophisticated and fallible human beings, whose daily concerns and wider visions don't happen to encompass the rural sector. Nor is it a rural issue purely: it has decisive social and economic effects as well in the urban sector.

23. What makes rising land prices a key issue:

- i. The accelerated pace, particularly since 1973-4
Note that each year's rise comes on top of the previous years', i.e. rises are cumulative:

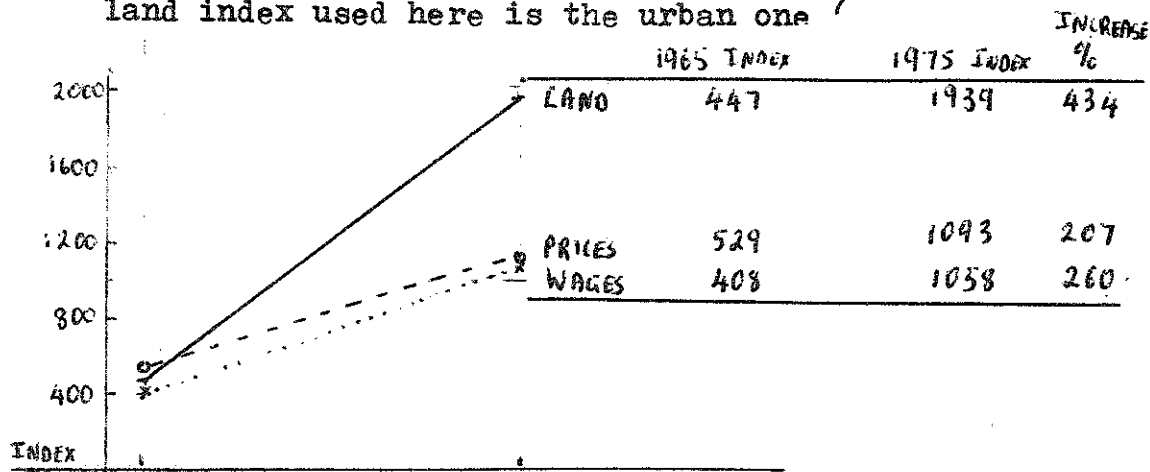
TABLE : LAND PRICE MOVEMENT, 1971-6

YEAR	FARMLAND (1960=1000)		*	URBAN SECTIONS (1973=1000)	
	INDEX AT 31/12	ANNUAL % CHANGE		INDEX AT 31/12	ANNUAL % CHANGE
1 71	1754	+2.3	*	688	+6.7
1972	1880	+7.2	*	782	+13.7
1973	2346	+24.8	*	1095	+39.3
1974	3478	+48.2	*	1642	+49.9
1975	3999	+15.0	*	1939	+18.1
1976	4404	+10.1	*	2069	+6.7

- Source: NZ 1977 Yearbook.

Land prices both rural and urban have doubled since 1973.

- ii. The fact that land prices have been rising faster & higher than anything else, especially wages and prices:
The diagram below indicates that since 1965, wages and prices have doubled but land prices have quadrupled. Note that the diagram only covers the period to 1975 (latest available data), that since then prices have risen faster than wages and the rate of land price rise has slackened; and that the land index used here is the urban one



iii. The social implications of this:

- a. Young people can no longer afford to 'own the r own homes' or 'buy their own farms'.

I recall an instance of a young married couple with a child trying to save for their own home. He was a public servant, she got a part-time job as a shop assistant through friends. At considerable cost to themselves and their family life they carried on for 18 months and scrimped everywhere - their power bills would have delighted a Values Minister of Energy. They had the misfortune to choose 1973-4 as the time to do it. At the end of it their savings had only kept up with land price inflation. They gave up. Nowadays the wife couldn't get a job anyway, and their rent takes a lot of their earnings.

- Source: Input to working group.

- b. The consequential erosion of culturally important New Zealand myths, especially egalitarianism and the property-owning democracy:

We're seeing the evolution of a new feudalism in New Zealand. The barons and nobles of old are replaced by (multinational) companies and a wealthy landed class, the Willis/Queen/Colombo St 'farmers'. Wealthy because they are landed - once you're in on the land bonanza it's easy to become wealthy, it doesn't take great skill - your accountant probably does it for you anyway. But of course mere wage and salary earners, 70-odd % of us, can't get in on the bonanza because the entry-stakes are higher than we can save. Except of course some particularly highly-paid groups: I had the interesting experience of helping in a survey of substandard housing in Wellington in the early 70's. My dogmatic innocence in the ways of the world were shattered by finding the worst slum conditions consistently had waterside workers as the landlords, ripping off their own with gay abandon.

- Source : Input to working group.

- c. Rural decline as farmworkers leave (there being no incentive and diminishing opportunities to stay) and aggregation of farms take place, accompanied by a general ageing of the rural population remaining.

50% of New Zealand farmers are over the age of 45 - Beyond Tomorrow page 28; Young people can't buy farms - newspaper story.

Where that puts a New Zealand dependent on its agricultural sector for its continued economic viability in the world in 10 years time we shudder to think.

iv. The economic implications of this:

- a. Increasing and institutionalising high costs of production - impairing our famed 'low-cost efficiency', and high levels of indebtedness throughout the community - to whom? Banks, insurance companies, financiers - haven't we been here before?

b. Diversion of investment from productive and labour-generating purposes to non-productive (a polite term for speculative) - at a time when productive investment is a national priority. This has been somewhat less of an issue in more recent months as land price rises have slackened in pace, but it always remains a grave defect in our economic system. In a materialist, competitive, short-term vision economy (such as ours, or any economy that has capitalist underpinnings) investment must always chase the highest short-term profits. In our economy speculative land investment must always be attractive - particularly as you don't need to sell to capitalise the gains, you only need to raise your rents, or keep the land out of the market long enough to make the killing eventually - meanwhile you can raise greater finance on your paper assets.

c. Declining real productivity in agriculture.

In 1973 the total volume of agricultural production (1971-2 = 1000) was 966; in 74 it fell again to 939; in 75 it climbed slightly to 950; only in 1976 (latest available figures) did it again match 1971-2 figures - 1002. Sheep/lambs, wool, cattle, and dairy products - respectively the biggest contributors to agricultural production and overseas earnings, are markedly stabilised; the growth is actually in products like fruit, vegetables and poultry.

'Values believes that production per hectare and not production per man should be the yardstick of economic performance in the agricultural sector' - *Bayon Tomorrow*, p28.

We acknowledge straight away that there are more important factors than land prices in these figures, of which seasonal variations in climate is most important and not a lot anybody can do about that. But given increased capital input and improved technologies, the trends in volume of production should be rising, not stabilising or declining. We assert that rising land prices, through their entangled effects of rural aggregation and forcing a general transfer of titles away from the more efficient, more productive, independent smaller farmer to less efficient, less productive company owner, is an important factor behind the trends.

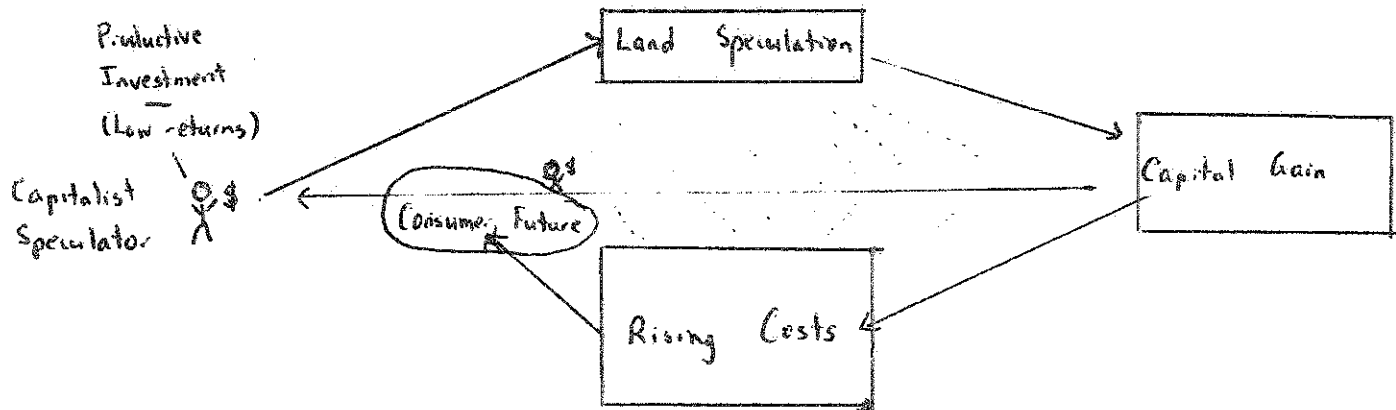
v. Worthy of a special mention, the effect on inflation. Rising land prices fuel a particularly vicious inflationary cycle and will continue to do so irrespective of extraneous and rather pathetic gestures such as wage restraints and price controls, and posturings on import controls. For land prices inevitably find their way into cost structures to the extent that everything ultimately depends on land.

In the heady days of 73-74 a group called the Children of God used to haunt pedestrians with their literature. Their pamphlets were basically advice from their guru, a Moses David, on what God had recently told him. Their tract on inflation indicated a nicely secular God: it advised the Children that 'since the system was going to collapse' they had best get something out of it. The way to handle inflation was to 'invest everything they had in land'. This would help achieve two ends: material gains for themselves, and the collapse of the system.

- Source: Input to working group.

But the capital gains for the land investors have to be paid for somewhere along the line, and they are paid for by the social and economic costs indicated above, by the future, by the young. That of course doesn't worry our capitalist investor too much: he's made his millions. Rising land prices represent a key issue to Values then because the motivations that fuel the situation (individualist greed, ripping off the future, materialism rampant) represent the antithesis of what Values is about.

THE INNOCENT SUFFER: LAND SPECULATION AND INFLATIONARY CYCLES



24.

Before we examine possible resolutions to all this we need to understand the important underlying factors generating land prices. Three stand out:

- i. Increasing demands on a finite resource
- ii. Community-generated values.
- iii. The effects of the market.

None are the result of the particular efforts of the titleholder. It is our underlying assertion that the returns the community or market offers for land in fact belong to the community. They are part of a social surplus, not productive effort.

- i. Increasing demands on a finite resource: Two main factors provide the dynamics of demand, population and land use patterns. Since 1945 our population has doubled; over the next few decades it will probably double again. The needs to feed, house, service and employ as many people again as we had in 1975 have stoked demand for land. The Hutt Valley provides illustration of what this has meant - it wasn't an intensive residential area in 1945. The Hutt Valley also provides example of the more important aspect of population trends - its distribution around the country. Increasing suburbanisation and a general northward drift stoke the demands for particular land to competitively feverish pitches.

Our current land use patterns are great gobblers of land, too.

Stabilising population and promoting more intensive land use are already Values policies that grapple with this situation. But they are long-term in effect and in the meantime we face the severe social and economic dislocations outlined above. Moreover they have little effect on the immediate dynamics of prices. They are a useful adjunct to policy but are not a viable policy on their own.

- ii. Community-generated values: Any parcel of usable land has a value, a measurement in monetary terms of the value of that site in that community.

"Generally under New Zealand law the increased value attaching to any piece of land which is due to the successful working of other lands in the district, or to State and local authority expenditure on public works, or to the general prosperity and developments of the country, forms portion of the 'land value'.

= Source: 1977 Yearbook, p.282

"What concerns us first of all- because it contributes directly to inflation - is the question of 'unearned increment'; in other words the ability of landowners in areas where improvements such as roads or factories or whole cities are being planned to secure for themselves vast fortunes simply by engrossing all the value added to their land, although the value itself stems either from the community's need for the land or from their public improvements. The owner's constructive role is about equal to that of the winner of the lottery -...And it encourages the lottery spirit of speculation-people buying into land on all the routes of the advancing city and selling it, unimproved, at profits derived not from their own work but from other people's needs."

- Source: The Home of Man, p. 85-6

I have met farmers
whose land is
worth \$900 an acre as
a farm, and \$20,000
an acre as a
prospective suburb.

Almost everyone
agreed that
development value,
or some part of it,
should accrue
to the community.

In many places even
the middle-income
people are being
priced out of the
housing market.

Source: Boyce Richardson ←

'This Land is My Land'
Report on Habitat Conference.

- iii. The effects of the market: There is a distinction between land price and land value. Value is the monetary measurement (last) arrived at by the Government Valuation Department following prescribed laws of valuation. Price is what the land fetches in the marketplace now. Price is responsive to such shifting dynamics as supply and demand, the general inflationary situation, 'fashion', the effects of speculative investments etc. ... and value is responsive to price. Price is an essential guide to valuation, recording unerringly whether the land is over or under-valued.

Some of the factors that influence the market may have an independent effect raising prices - most notably the speculative element, and the maldistribution of wealth. (Where prices are high only the wealthy can afford them and the wealthy can always afford an extra \$1000 on the price in the expectation they'll eventually get \$2000 for it.) But prices raised in these ways can only be sustainable in the long run if what the community at large is doing makes the land worth it. So there can be land busts too - once again reflecting community activity. The parcel of land itself does nothing to depreciate in value, only the community's perception of its worth changes, as recorded by the price.

And then there is the black market. To get a ground-floor shop in our city centres you don't have to pay only the rent you also have to pay key money. These can be extraordinary - \$4000 on top of rent for a backwater, \$10,000 for a busy street, \$20,000 for a main thoroughfare. What sort of small business just starting up can afford that? And what's it for - for the site. It's a disguised land price. What generated it? The city itself. But it doesn't go to the source, it goes to the lucky titleholder.
- Source: Input to working group.

Any viable land transfer policy then needs to retain an allocative mechanism, needs to retain a system of responding to price, and needs to be incorporated in a package that also tackles speculation, black markets, and the redistribution of wealth. That is if it seeks to resolve the issues comprehensively.

V. LAND TAXES

25. There are three broad options available to address these and related issues, and each of them was presented to the working group at various stages.

It is pertinent at this stage to note that each of these options involves some kind of Land Tax set to collect for the community some or all of the community-generated values. The principle of the Land Tax mechanism was not in doubt: what needed to be decided was the degree to which it

- i. A piecemeal system, dealing with each issue separately as it arises. This could involve price control or even capital gains or speculation taxes, Land Tribunals, tidying up existing legislation -e.g. Town and Country Planning Act, Land Transfer Act, Land and Income Tax Act. In the ensuing discussion we label this the 'National' option, as it is the sort of approach characteristic of the National Party. Indeed the present Government has already taken some of these approaches and could probably be persuaded to live with others.
- ii. A new bureaucracy system involving some form of Land Tax (or Development or Betterment Tax if the originators want to give it a snazzy new name) or annual rental charge on land value in order to return to the community the unearned increments; tied in with public acquisition and development of land, and public control of transfer through Land Commissions. In the ensuing discussion we have labelled this the 'Labour' option as it would be the kind of approach adopted if the Labour Party ever found the courage to be true to its principles.
- iii. A Land Tax system in which the community-generated values are returned to the community through a Land Tax set sufficiently high to do it and there is no special comprehensive interference in forms of tenure or special new bureaucracies to handle land transfers. In the ensuing discussion we have labelled this the 'Values' option as it is the one this policy working group recommends.

26. The working group rejected the first option because:

- i. Its piecemeal nature conceals the common parentage of the issues, and it is weakest at precisely that point - maldistributions of wealth arising from the private appropriation of socially-generated surplus;
- ii. Widespread experience of it indicates it doesn't work in practice. It depends on a range of legislative measures, each one of them susceptible to amendment. As with the tenure question, we are suspicious of the legislative approach to resolving social and economic issues.
- iii. It in fact involves a steady erosion of the marketplace and growth of bureaucracy at central level - as one Tribunal or Department after another is set up to look after This and That set of regulations. Moreover such Tribunals represent further inroads into the rule of law and democratic accountability.
- iv. While accepting the principle of community values to community benefit (e.g. in capital gains taxes) it pulls short by not collecting all of them. The capital gains tax is really no solution either - it only collects at the point of transfer, not at the point of generation - and so the capital is gained in other ways : by sub-letting, by raising rents, by raising extra finance against the land in the meantime. A capital gains tax probably keeps land off the market too - denying access to it to those who would use it productively.
- v. They are imposed top-down solutions which do little of their own accord to alter the basic attitudes and values or foster the spirit of 'turangawaewae'.
- vi. Such measures are subject to political pressure from the wealthy

right places. Once a means of evading the law is found, or political pressures succeed in amending the law, the pent-up speculative forces just surge again.

Nevertheless the approach has its merits in flexibly and directly dealing with particular issues (e.g. rural aggregations).

27. The working group rejected the second option because:

- i. It is not truly and constructively radical in the sense of getting at the root causes of the problems. It takes the Heavy Bureaucratic approach to side-issues.
- ii. It shares with the first option an imposed top-down nature that of itself does little to change attitudes or foster turangawaewae.
- iii. It concentrates undesirable degrees of power in the hands of a few (Government bodies and bureaucrats). It extends the powers of bureaucracy against the democracy.
- iv. It too is subject to lobbying power, evasion, black markets and social injustices - those with the skills and the contacts will inevitably fare better under it.
- v. It is dubious on the principle of diversity and liberty. While in theory it may be possible to design a system that is beautifully flexible past practice of such structures leads us to doubt that they naturally work that way.
- vi. It has no answer to the real advantages of the marketplace - its democracy, its flexibility, its responsiveness, its ready measure of price.

There is a strong thread of favour to this kind of proposal in the Party, and it is conceivable that the Party could look again at the Land Commission type of proposal as a longer-term resolution, especially once it is satisfied that there has been a sufficient shift in attitudes and values to make it workable. Whatever Land Commission proposal it then comes up with will obviously have to contain answers to the above criticisms.

28. The working group ADOPTED THE LAND TAX WITHIN A MARKET SYSTEM option because:

- i. It tackles the core issues directly - it returns the social surplus to social control, eliminates speculation, and fosters turangawaewae. It is truly radical in that it deals with root issues, not side-issues or symptoms.
- ii. It ties in with so many other thrusts of Values policy - redistribution of wealth, decentralisation of social services, promotion of ecology. It has already been outlined in Party manifestoes.
- iii. It requires no new special bureaucracy, it is not beyond the rule of law, it applies an objective and unarguable set of laws to the situation. It depends at base on a proven discipline - the profession of valuation.
- iv. It respects the principles of diversity and liberty and is a logical extension of our proposed policy above (cf.: responsibilities of titleholders.)
- v. It is familiar in New Zealand. There are Land Taxes now; when Land Taxes were used to generate more of the public revenue as this policy proposes, they also acted to hold land prices and encourage productive use by independent users. It has worked in

- vi. It is very flexible - in degree, there is choice of policy between holding land prices, freezing them, reducing them, or zeroing them, dependent on the degree to which Land Taxes are imposed. We recommend the maximum flexibility.
- in direction, Land Taxes can go to whatever level of community is chosen, and can be imposed to promote extreme productivity despite all else or to promote an ecological policy. We recommend decentralising the Land Tax revenue, and linking the valuations in with other Party policies to promote sound and efficient land uses.
- vii. It retains the advantages of the market system BUT in a context of freeing the market of factors that spoil it - notably the maldistribution of wealth and opportunity, the opportunity for speculation. The incidence of Land Tax would fall most heavily on the large-scale and wealthy.
- viii. In the rural sector it acts as a 'factor tax', a tax on the basic factor of production, thus encouraging the efficient and penalising the inefficient. In the whole package it is proposed that the Land Tax would replace all other taxes for farmers, thus those who produce more through their efforts and skill would get that reward; those who produce less still have Land Tax to pay. (Obviously the annual Land Tax system would need to be tied in with a guaranteed price system to smooth out fluctuations in price over good and bad years).
- ix. It is applied regularly and directly as the surplus is generated. Through the market system it has an inbuilt correcting mechanism. The resources exist now to implement it - trained valuers, a science of valuation, the mandating legislation.
- x. Aspects of it are supported by an impressive and growing range of bodies - from the UN (Conference on Habitat), through our own Planning Council (section in Planning Perspectives on government revenue), to University economists (Massey).

29. Similar proposals to the Land Tax have been propounded within the Party in the past by enthusiasts who have tended to claim it as a universal panacea. This working group does not support such claims. There are no universal panaceas. As can be seen from the next section it must be seen in its qualified context, as one part of a general package that also includes wealth and capital assets taxes, some indications of the direction of land use decisions, and with room for flexibility in operation. It is essential to accompany it with general tax reform that significantly reduces taxes on earnings. And with government restructuring towards a community-based society. It has the character of a MECHANISM to make other policy goals possible, but means are not ends in themselves. It is as useful a tool for a totalitarian state as for a democracy, for a material growth-oriented economy as for an ecologically-minded one. It therefore must be seen in its context here, for once grasped and the implications seen - ~~the package~~ could finance the entire range of government services - it is easy for enthusiasm to run high and to become enthusiastically dogmatic about it. A Party policy education programme in these proposals is essential an ongoing need; in any such programme the points of this paragraph should be made too.

Land production tax suggested

My suggestion is that income tax for farmers be replaced by a land production tax.

This tax would be related to the land's full productive value and the possible income tax paid if it were farmed by Mr Average Farmer, and be at a level that would allow the usual deductions for family, depreciation, assurances, superannuation and the writing down of stock to apply. To people with earnings from other sources, the land production tax could be graduated upwards in increments related to the non-farming income.

The benefits

Some of the benefits that would result from placing farmers on this type of taxation would be:

1. A real incentive for all, resulting in increased production.
2. Speculators who purchase rural land with capital gains as their objective will have to keep this land in full production or find their venture less profitable.
3. People who derive sufficient income for their needs from large areas of semi-productive land could be forced to sell a portion and increase production on the remainder.
4. The ten-acre section with two horses and ten sheep would become a very expensive hobby.
5. Property with poor management may have to sell or reorganize.
6. The land production tax could be varied with market realizations from year to year on a

percentage basis and replace subsidies, sheep retentions and perhaps devaluation. (This would stop the complaints of the urban population about the assistance farmers receive.)

7. A proportion of the land tax could be directed to the Rural Bank and used for low-interest and suspensory-type loans to settle young farmers in a manner similar to World War II rehabilitation.

8. Education of farmers at secondary and tertiary level would be less of a burden for a family. This may encourage more farmers to send sons to agricultural colleges, etc. before they return to the family farm for ownership or management.

R. H. SEYMOUR,
Masterton.

30. The first remit proposed in this series is as a first-stage policy specific to the rural sector. It is commonly known among farmers as the 'factor tax' proposal and as such has been used to good effect by Values candidates in rural electorates. A 1975 policy paper first proposed it, but it was not officially adopted by Conference.

REMIT 11 THAT this Conference officially adopt the rural land policy set out in the 1975 manifesto, p.27, but not yet adopted by a Conference:

A VALUES GOVERNMENT WOULD gradually reduce income taxes for farmers and increase per-hectare land rates on farmland. The value of farm production in excess of an assessed rating level would be free of income tax. The land rate would be adjusted over time to provide rural people with incomes comparable to those in urban areas.

RECOMMENDED REMIT: 100% support.

31. The next remit is the basic one on the Land Tax proposal. We have insisted even here on placing it in the context of what the goals are; on the other hand a pro-productive effort and anti-speculation goal is not much use without a mechanism to achieve it:

REMIT 12 (a) WE SEEK A SOCIETY in which productive effort, social service, and personal savings are rewarded but in which no personal profit can be derived simply from speculating in the country's natural resources, its land, its productive assets, or the savings of others.

(b) THEREFORE in order to establish social control of the surplus in land generated socially, VALUES WOULD introduce immediately a uniform Land Tax on unimproved site valuations, with the ultimate goal of reducing the market price of this component of land transfers to zero and holding them at that level.

RECOMMENDED REMIT: (a) 100% support;
(b) the principle of the mechanism has 100% support; the degree to which it could be introduced has 65% support - the other 35% favour 'reduce' over 'zero'.

"Excessive profit resulting from the increase in land value due to development and change in use is one of the principal causes of the concentration of wealth in private hands. Taxation should be seen not only as a source of revenue for the community, but also as a powerful tool to encourage development of desirable locations, to exercise a controlling effect on the land market, and to redistribute to the public at large the benefit of the unearned increment in land value."
-Source: UN Habitat Conference 1976.

32. If there is to be a Land Tax system it must be tied in with other parts of the package ; there needs to be much more frequent assessments; ~~and~~ we have to state clearly where the revenue goes. These implications so logically follow from adoption of Remit 12 that the working group found the going through the next few remits very easy. Essentially they are the rest of the package:

REMIT 13 A VALUES GOVERNMENT WOULD revise unimproved site valuations annually, and set the rates of Land Tax at central government level, carefully co-ordinating the Land Tax with Capital Assets Taxes, Wealth Taxes, Resource Rentals and royalties, and Income Taxes in order to implement the goal of reducing taxes on wages and salaries drastically especially in the lower and middle brackets, and increasing taxes on factors of production.
RECOMMENDED REMIT : 10% support.

REMIT 14 A VALUES GOVERNMENT WOULD ensure a viable and independent source of revenue for regional and local government by having Land Taxes collected by regional and local levels of government. A proportion of Land Taxes would be remitted back to central government.
RECOMMENDED REMIT: 100% support. (The last sentence is necessary because land values are not ~~distributed~~ *distributed equally geographically* and there is a need for a national pool to correct for geographical maldistribution and ensure regional balance.)

REMIT 15 A VALUES GOVERNMENT WOULD immediately introduce a wealth tax using a compulsory declaration of assets, with the long-term aim of reducing larger holdings of assets to the exempted level. The exempted level would be set at \$50,000 per adult or \$100,000 per family and would be inflation-indexed.
RECOMMENDED REMIT: 80% support. Note that this needs to be read in conjunction with the wealth tax proposal as adopted at 1977 Conference, which elaborates on certain exemptions - land, housing, productive investments. It is intended to apply only to the wealthiest 5-10%.

REMIT 16 THAT this Conference consciously clarify current Party policy in Local Government Finance and Incomes and Taxation should the rest of these remits be adopted, by recognising the priority of these remits in those policy areas.
Actually a recommendation from the Policy Manual compiler -

Productivity as basis for tax. (concessions?)

33. Similar arguments to the above apply in respect of capital assets, as background to the following remit. Capital and land behave separately in related ways, hence we have proposed them as separate remits.

The proposed Capital Assets Tax is backgrounded pretty fully in Gary Williams' Community Democracy

pp. 47-60, so we do not propose to go into it in depth here. Suffice to say that the Capital Assets Tax is seen very much as an 'economic planning tool', being raised for certain types of industry and lowered for others - as the remit makes explicit.

AUCKLAND, April 25 (PA).—Tax concessions based on increased productivity have been proposed by a leading New Zealand incentive scheme specialist.

Mr F R Oosterheert, a consultant who has been responsible for the introduction of many productivity schemes, accused the Government of "hardly even paying lip service" to improving productivity. The picture of increasing productivity in New Zealand industries was not good, and might even get worse because little encouragement was given to productivity deals. Government regulations actually prohibited productivity deals from being implemented at any time other than at the annual renewal of an award, said Mr Oosterheert. "The present regulations are interpreted by the Department of Labour to mean that any employer who introduces productivity payments other than at the time of the renewal of an award would be in breach of the Wage Adjustment Regulations, 1974," he said.

34. A myth has taken hold that the Values Party is anti-growth or anti-production, due probably to some unfortunate phrasing in the 1972 manifesto. It is **NOT** growth per se that the Party is against, it is the **KIND OF** growth. Certain kinds of industrial growth - e.g. conservation and recycling industries, low-energy labour-intensive industries, small-scale industries, the primary sector, social services - have been explicitly encouraged by the Party since the beginning; other kinds - e.g. larger-scale, energy-intensive, centralising industries, industries abusing depleting resources, consumer luxury industries - have been explicitly discouraged. The Capital Assets Tax provides the flexible tool to implement such policies. It has the added advantage of rewarding the productive and efficient and penalising the less productive and inefficient - it is tax set on the assets they've got to work with, a tax at the point of production, rather than a tax after production. It penalises idle resources; it adds a new dimension to the industry's decision on "whether we can afford it". If the mechanism is working properly it should force a gradual switchover to a Values economy - without centrally-imposed coercion and regulation.

REMIT 17. A VALUES GOVERNMENT WOULD immediately introduce a Capital Assets Tax to be applied differentially to all holdings of productive assets except land. The Capital Assets Tax would be set and collected at central government level and would replace company taxes. The rates would be varied in accordance with overall economic policies and goals of promoting sustainable industry and discouraging resource-intensive industry, promoting regional development and discouraging excessive centralisation of industry, etc. up to a ~~maximum~~ level that would reduce the market prices of such assets to zero.

RECOMMENDED REMIT: the principle of the mechanism has 90% support; the degree has 70% support; the manner of setting and collecting 100% support.

REMIT 18 A VALUES GOVERNMENT, recognising that people who are paying interest on loans secured by land or capital assets could not pay both these and the proposed taxes, WOULD cancel all secured debts up to the level fixed by the land or other valuation for tax purposes.

Actually a remit proposed by a group member as a necessary corollary of the overall policy. Discussed and supported by the working group but not formulated into a remit, as they thought it self-evident. It may not be to some, so we explicitly include it.

35. The immense flexibility of the Land Tax proposal is further developed in the following remit which is evolved also as an answer to the criticism that a Land Tax would in fact force over-productive and unecological uses of land. The point of course is basically that both land valuation and land use decisions are community decisions (at different levels of community), and it is these that set the rates of Land Tax. The criticism overlooks the fact that for there to be a Land Tax as proposed there must be a Values Government and it is that government which also makes those kinds of decisions, obviously in a Values way.

Land Values May 36/4/73 Soar Around

Big BNZ Building

A HINT about what the completion of the giant new Bank of New Zealand complex in Wellington will mean to the value of surrounding properties was given in a company report released yesterday.

REMIT 19 VALUES PROPOSES THAT, as community activities and planning decisions generate the land values on which rates and land taxes would be based, especially in urban areas, a planning decision that results in reduced valuation would automatically be followed by the appropriate reduction in rates and land taxes in compensation. In some cases this could result in nil rates or taxes- a complete exemption, or a negative valuation - the community pays the titleholder provided s/he continues to use the land as specified in the planning decision.

RECOMMENDED REMIT: 90% support.

LAND TRANSFER

36. Previous Party policy and deferred remits leaned in the direction of 'removing land from the market' and using a Land Commission system with liberalised conveyancing procedures as the preferred form of land transfer. The working group could muster only 50%



On the other hand, the Party had policy giving qualified support to the market system and that came within our brief to review too. Once it had been amended, it generated sufficient support to be recommended as a remit. The antagonists were probably unconvinced that the qualifications could ever come to be, or felt that they qualified it out of existence:

REMIT 20 THAT this Conference clarify Party policy on the market system by incorporating 75/20, 75/43, 75/37 and rewording them to :

VALUES AIMS TO ensure that the market system is legitimately used for its proper functions as the best mechanism for distributing goods and services, for the market system so used is one of humanity's greatest social developments and indispensable to a co-operative and sustainable economy. THEREFORE Values would free the market system from factors that spoil its proper functioning and generate iniquities in the distribution of wealth and productive assets.

RECOMMENDED REMIT: 75% support.

37. When it came to the final crunches, this approach was vindicated. In opting for the Land Tax proposal the group endorsed a scheme that requires a market system of transfer as its infallible everyday measuring rod and argues against establishing bureaucracies to do it, that removes most of the basic dislocations that creep into the market system, and grapples directly with the most trenchant of them, iniquities of wealth. Under these circumstances there was a unanimous swing against Land Commission policy. Note that this was dependent on prior approval of the Land Tax option.

REMIT 21 GIVEN the adoption of the proposed policy on Land Taxes, VALUES CONSIDERS the present system of land title transfer and registration adequate, flexible, and safe for both the community's interests and the parties' interests. Conversely, we consider the establishment of Land Commissions or similar forms of judgemental and bureaucratic bodies as unnecessary and undesirable and recommend that all references to these in our adopted policies be hereby revoked.

RECOMMENDED REMIT : 100% support. Note that this does not revoke the parts of existing policy that propose 9% mortgages, cheap interest for younger farmers and co-operatives, and a general Resettlement policy.

38. A proposal attacking the legal profession's monopoly on conveyancing gathered 80% support, which fairly indicates the group's feelings on that issue. However experts in the field persuaded the group that in fact there was no need for the monopoly to be ended by legislative or bureaucratic means: the procedures existed now for other groups and even individuals to do conveyancing. More public education and agitation against the prevailing attitudes of financial institutions was to be preferred. Here was a practical community action campaign. Values could get stuck into without having to be government:

REMIT 22 VALUES PROPOSES to make it as simple as possible for people to do their own conveyancing and would produce a pamphlet advising them how to do it. We would appoint an officer at every Land Transfer Office specifically to help people carry through their own land transfers.

RECOMMENDED REMIT: 100% support. (10% were unhappy that the nasty references to the legal profession's monopoly were removed.)

VII. CONCLUSION.

39. This policy working group had the unenviable task of resolving an issue that had bedevilled the Party for years, and has over those years generated some of the most valid criticisms of the Party's policies. Early on it decided that it would set its sights on producing a policy that the Party could take to the 78 elections in the honest conviction that here at last was a coherent and reasonably comprehensive basic policy on land. In getting to our present stage of happy confidence that we've done it, we've had to buck through some of the most fundamentally divisive issues in all of politics. In bringing forward a policy that commands a respectable level of support from a most representative cross-section of the Party we are conscious not only of the enormity of the task achieved, but also of the fact that a good deal of our success in achieving it (this is written before Conference), is based on the sound preparatory work put in by earlier working groups. They had at least got the debate down to the stage where the broad options were clear and the overall goals were in place. The basic issue remaining was one of mechanisms: not so much what do we want to achieve, but how best to achieve it.
40. Although we have no hesitation in recommending to Conference that the Land part of the Land and Capital policy working group can be wound up if this report is adopted, we are conscious that there are some outstanding questions of detail in land policy. The extension of these goals and mechanisms to Maori Land questions is we understand being tackled by other remits to this Conference. There remain then two major matters: the status of the 'stewardship tenure' policy as proposed by Brian D'Arcy - we have accepted the policy in principle, but not forwarded it as we believe it requires amendment to bring it into line with our overall tenure goals and we haven't done those amendments. We suggest Brian can bring forward the policy as a separate remit at any time, once he's amended it. The second is the more tangled question of the extent of public acquisition, incorporating the suggested policies of Land Banks, land entitlements, etc. Broadly we believe the remits in the report stake out sufficient direction here and suggested policies along these lines can also be handled by the proposers forwarding specific remits. Again, in principle the group favours such schemes. But it is jealous of preserving the principles of diversity and liberty and feels that the Land Tax proposal once properly working, can be expected to so change the situation as to make what appears now to be an urgent need something that recedes in importance because there is much greater access to land for those who really want it.

CAPITAL

VIII. CAPITAL - GENERAL

41. Of the major economic subjects, CAPITAL is the one Values has consistently had most difficulty facing up to. This report marks our first extensive exploration into a forbidding territory full of devious paths with alleys off, deep potholes, solid tomes, and jungle-lined routes up which previous travellers have gone bush; perhaps more dangerous still are the clearings where clusters of adherents still sit interminably debating what they already agree on. Meanwhile Mammon rules.

42. We are conscious that the following report is skimpy compared to the field; that it lacks a lot of the supporting texts and figures we would have liked to include but frankly lack the time to gather. Fortunately there are becoming available several relatively short and simple texts that provide this sort of background. Some of the most relevant are listed opposite. That list is meant to provide an introduction not a completion of the study. In particular our group was fortunate in that one of our members published such a text during our discussions, in time for it to influence our decisions. That text deals more extensively and esoterically with the subjects we canvassed and its general line was so consistent with the group's that we evolved a recommendation around it. We would emphasise at this point that the wording of the recommendation does not support the specific proposals in the book as such.



The Reserve Bank, basis of the New Zealand financial system, overshadows Wellington's Lambton Quay.

Gary Williams: Community Democracy, 1977.

E.F. Schumacher: Small Is Beautiful, 1973.

G.R. Taylor: Rethink, 1972

Hazel Henderson: Creating Alternative Futures, 1977

Robin Clarke: Notes For The Future, 1975.

Murray Bookchin: Post-Scarcity Anarchism, 1970

W. Rosenberg: The Coming Depression and How to Overcome it, 1978.

Bevin Fitzsimons: People and

REMIT 23 THE WORKING GROUP RECOMMENDS that the book of one of its members, Gary Williams' Community Democracy, be read and discussed by the membership of the Party as it is one of the few attempts to analyse the New Zealand economy, and offer an alternative.

RECOMMENDED REMIT : 90% support.

42. Again we must get our terms straight before we can properly begin. The longest remit of the lot, the one that follows, sets out our understandings of the basic currency of the topics before us. Again it is pretty orthodox stuff - in fact it draws mostly on the Chamber Of Commerce's definitions, here duly acknowledged. The points out of it all that we would wish to especially stress here are :

- i. Capital is made by human effort. By definition it continuously grows. It is wealth stored rather than spent. It isn't money though it's measured in monetary terms.
- ii. We are concerned here mostly with productive capital - capital used for production; and with the cumulative effects of society existing, hence having a demand for capital (which demand gives capital a price, or interest).
- iii. There are two sources of capital - labour and society. In the area of productive capital, capital is generated by human skill, ingenuity if you like, effort anyway. The capitalising of land values, the capital that is raw materials with now perceived uses, the interest on previously accumulated capital - these are examples of capital generated by society in general.
- iv. Ownership is seen in terms of rights to control, which includes (but doesn't end at) rights to the surplus value. We see it as a much more general term than rights of investors to returns. Ownership has more to do with power than profit.

REMIT 24 THE WORKING GROUP RECOMMENDS that the following definitions of key terms be adopted by this Conference, as a guide to future policy formulation, policy discussion and education, and policy presentation:

CAPITAL - refers to made factors of production; it is wealth originally produced by labour and stored up rather than spent. It includes investment, plant and machinery, improvements on land. We are mainly concerned here with capital used for the production of goods and services. PRODUCTIVE ASSETS is the measure of available productive capital expressed in money terms.

INVESTMENT - usually refers simply to that part of capital that is money invested in a productive enterprise. (thus equity, loans, etc.) In this report we also stress the labour investment as measured by wages and salaries.

OWNERSHIP - refers to rights to control, extending to rights to use and abuse, rights to sell and transfer, and in the absolute to destroy or end. Ownership thus means, or confers, power. In the general community ownership is acquired by monetary investment, and it especially confers rights to the surplus value of production, i.e. the returns surplus to costs including the labour 'cost'.

CONTROL - refers to the power of decision-making. Ultimate control refers to the power of making ultimate decisions (to wind up). Several factors confuse understanding of control: in most enterprises control is in fact dispersed over several people or groups. There are different layers of decision-making with different groups exercising effective control. Ultimate control in the present ownership system rests with the money investors. Policy control rests with Directors. Day-to-day control rests with management. Operational control (what the worker does now and next) rests with foremen etc. All of this works within a system of public controls - on land use, via regulations through incentives and taxes. There is no example of totally integrated control (where an identifiable person has ultimate, policy, management, operational and public controls all to themselves.) The nearest approach to integrated control would be the small scale family farm or business.

MANAGEMENT--specifically, the responsibilities of day-to-day running of an enterprise and interpreting and implementing the broad policy set by Directors. Management is nearly always accountable within the enterprise and in theory is divorced from ultimate or policy control. In practice, depending on the scale of the enterprise, the technicality of its operations, whether the investors, Directors are relative few, distant, meet only intermittently, or are interested in only one side of the enterprise (e.g. greater profits), management will usurp policy control. Similar analyses may be made of the public sector.

COMMUNITY CONTROL- control at the policy level through the interaction of the many groups affected by the products and activities of the enterprise, with ultimate control retained by elected (therefore accountable) representatives of the community. In practice community control would stem from several bases - the ultimate control of the community representatives; the participation in policy of the affected groups, including the functional representatives of the community but not ending there; and, as at present, the basic laws and guidelines set by general, regional, or district communities. Management usurping policy control must be less likely under this system - the affected groups and community representatives are many, close, would meet more regularly, and would be interested in both the social and economic aspects of the enterprise.

WORKER - A worker in an enterprise is someone who regularly invests their time and skills in manual or mental labour. A capitalist simply occasionally invests money.

IX. CAPITAL - OWNERSHIP AND CONTROL

43. Previously adopted Party policy clearly states the broad directions which this working group must travel:

- i. The strong theme of co-operative ownership and control;
- ii. The equally strong theme of community and worker participation in ownership and control;
- iii. The strong preference for the smaller-scale, locally-based and essentially private enterprise.
- iv. The antagonism to capitalism per se, in which ownership and control of the economic system rests dominantly in private hands.
- v. The equal antagonism to communism per se, in which ownership and control of the economic system rests exclusively in the hands of central government.

The two ranges, capitalism and communism, have cast long shadows over this forbidding territory for 150 years now. We argue that humanity has travelled beyond the particular territory where those shadows are substantial. Which is not to say that the questions both philosophies pose and answer don't continue to exist, only that the answers given by both capitalism and communism are of marginal relevance these days. (In both so-called 'capitalist' and so-called 'communist' countries the respective governments have borrowed heavily from the opposite end of the spectrum to adapt doctrinaire policies to practical realities.) Values has since the beginning declared itself 'opposed to both'; this report clarifies what it is for.

44. Values rejects capitalism because:

- i. Capitalism concentrates too much wealth and power in too few hands.
- ii. Capitalism channels investment and effort in the direction of maximum short-term profit alone; conservation, community benefit or real need are at best secondary considerations and then only understood in economic, not social, terms.
- iii. Capitalism creates vested interests opposed to the development of alternative technologies and innovative ideas.
- iv. Capitalism alienates labour and the community from control of production and denies labour's due share in the surplus value generated by labour. Capitalism would have you believe only capitalists take risks - ignoring the ranks of the unemployed and redundant.
- v. Capitalism is in practice unable to react quickly and responsibly to new needs.
- vi. Capitalism relies on mass consumption for its continued health.
- vii. Capitalism is materialistic. Values by definition isn't.
- viii. Capitalism is individualistic and atomistic. It exploits the community - taking from community effort (e.g. education, transport, communications) for private returns.
- ix. Capitalism is competitive and fosters the competitive ethic.
- x. Capitalism fosters a class society, creating grossly unjust divisions in wealth and opportunity, and rewarding only those talents that are currently marketable.
- xi. Capitalism trends in socially and ecologically disastrous directions - towards the large-scale, centralised, urbanised, resource-exploitive society.

- xii. Capitalism sees no real distinction between a profitable electric toothbrush factory and a profitable solar energy manufacturer. Values does.

We do not claim this exhausts the list, nor that the sequence here is one that everyone would endorse. We do claim Valuespeople will endorse these reasons. We feel it is important to distinguish between capitalism and truly private enterprise. The main distinction lies in scale - PRIVATE enterprise is by definition small-scale. It is absurd to lump the independent family farmer, neighbourhood grocer or garage, small joinery or craft factory, inventor or artist in with large-scale capitalism. They are different in KIND as well as degree. It is absurd too to deny the element of risk involved in truly independent operations and new investments.

But we must not allow such arguments, valid in the small-scale to creep across and become apologies for larger-scale capitalism where the independence and risks involved are negligible - or else the Directors and managers are incompetent and inefficient. One trouble with State intervention is that it shores up the incompetent and inefficient...

45. Values rejects communism because:

- i. Communism concentrates too much power in too few hands;
- ii. Communism centralises and overplans, leaving little room for imagination, initiative, or local autonomy and flexibility.
- iii. State ownership and control also alienates labour from control of the forces of production and distances labour from the surplus value they generate.
- iv. Communism in practice combines political with economic power, a coercive and dangerous combination - denying civil rights (e.g. the right to strike - "they don't need it, they're so happy")
- v. Communism is materialistic and deterministic. Values by definition isn't.
- vi. Communism is excessively and rigidly collectivist, thus denying the principles of diversity and liberty. It imposes, it does not allow the people the freedom to choose.
- vii. Communism is tied in with a militaristic and imperialistic world-view that can conceal and pervert true internationalistic goals.
- viii. Communism too is material growth-oriented and has no convincing place for ecology and nature in its theory, and no inspiring record of care for either in its performance.
- ix. Communism entirely sacrifices liberty and democracy to justice. Yet it has not demonstrated that it can achieve or maintain justice - the USSR is just as class-dominated as the UK and it isn't the working class that dominates.
- x. Communism too trends in socially and politically disastrous directions - communist pollution capitalist pollution - it's all pollution; communist injustice, capitalist injustice - it's all injustice.
- xi. Communism per se sees little difference between a truck factory and a tank factory. Values does.

It is important to distinguish between communism and the infinite varieties of socialism. It is absurd to lump these in with criticism of communism (the above is more relevant to Russian-style

communism than Chinese-style anyway, for example). Public intervention in the economy - even public initiative such as drilling oil wells-whatever we may think of the particular example-is clearly supported by all sectors of the New Zealand community; as is a commitment to egalitarianism and a fairer distribution of wealth and opportunity.

46. The kind of alternative Values favours:

- i. Actively redistributes power and wealth to workers and the community;
- ii. While retaining the profit incentive and smaller-scale private enterprise marries them inextricably with community benefit (through the mechanisms of Land and Capital Assets Taxes
- iii. Gives workers direct rights of ownership and control and direct access to surplus value;
- iv. Maintains democratic freedoms and institutions, in fact further democratising them through decentralisation and participation and guaranteeing civil rights;
- v. Is radical in that it tackles direct causes directly through the application of principles, and revolutionary in that it proposes social as well as political-economic change, behavioural as well as structural change, and asserts that mere political power and legislative changes cannot change society fundamentally. The change must come from the bottom up not the top down if it is to be real change.
- vi. Favours diversity in forms of ownership and control, with preference for co-operatives.
- vii. Sees what factories produce as equally important with whether they produce and how they produce;
- viii. Explicitly raises sustainability and concern for ecology and resources into the front rank of factors affecting economic decisions;
- ix. Is explicitly not materialistic and sees purely economic factors as one among other questions, not as the question;
- x. Is New Zealand-made and New Zealand-inspired, adapted uniquely to New Zealand conditions.

This kind of alternative cannot be labelled with an '-ism'. Its basic texts are many not few; none are on a university political science reading lists (yet). It does not raise what is essentially a mechanism into the goal and purpose of the Party. It states its philosophy in its name. Values.

47. At the crunch point of difference between the various economic philosophies, under capitalism capital hires people; under communism the State takes the capital and hires the people; our working group proposes that people hire capital:

REMIT 25 THAT this Conference adopt as a basic statement on ownership:

- (a) BELIEVING THAT neither capitalism nor communism offers a viable form of ownership for New Zealand's future, VALUES AIMS TO build a society in which there is a diversity of forms of ownership, varied to suit best what is appropriate to the scale and functions of the business.

- (b) Individual and smaller-scale private enterprise will be most appropriate wherever a number of independent producers, distributors, or service people are supplying a number of independent customers. Such small-scale private enterprise already incorporates much of values' goals or can easily adapt to them.
- (c) In general, VALUES AIMS TO establish ownership and control of businesses by those working in them and affected by them, on the principles that (i) people hire capital, and (ii) people, not bureaucracies, should decide their own futures.
- (d) What the business makes, its size, how much effect it has on the economy and the community, the number of people who work in it, its technology, and other factors would all be taken into account in applying this policy in particular cases.

RECOMMENDED REMIT: (a) 85% support; (b) 75% support; (c) 100% Support; (d) 100% support.

48. We would have preferred to be able to furnish an indicative list of some preferred forms of ownership by types of enterprise, but time prevents this. What we can add instead is the following batch of remits that definitely shows the direction of our thinking. Perhaps on reflection it is best to leave the question stated broadly - and flexibly. The mechanism proposed in remit 26 effectively decentralises such decisions to the people most directly affected and gets away from the whole central government-initiation/imposition angle. Remit 26 also specifies that the key form of ownership ~~to~~ Values is the co-operative. Party members should note that remit 26 also effectively scrubs the 'Co-operative Community Enterprise' notion of four-part Boards etc - it leaves such decisions to the workers. The 'CCE' policy was found by the working group to be complex, inflexible, an imposed solution, and grossly defective in that it retained ultimate control with the investors - who were always free to withdraw their capital and so collapse the firm. It generated less than 50% support in the group when it was separately considered, as compared to the unanimous support generated by this rewording. The proposer (Bevin Fitzsimons) made clear in discussion that the actual number of employees suggested here as a threshold size is regarded as quite flexible: it could be revised upwards. The main point is the overall mechanism:

REMIT 26 A VALUES GOVERNMENT WOULD establish a public education and training programme and legislate to make it possible for any business employing more than five people to become co-operatively owned and controlled by its employees if two-thirds of the employees who have been on the staff for at least a year vote for such a change.

Where a business votes to become co-operatively owned, the owner's capital would then change into an interest-bearing loan and there need be no representative of the investors on the Board. The local community and some groups closely affected by the business would have the right to a minority Board representation or at least to be heard by the Board of Directors. Selling the business for personal gain by co-op members would not be possible as any capital profit on the sale of such a business would be paid to the community.

RECOMMENDED REMIT: 100% support.

REMIT 27 A VALUES GOVERNMENT WOULD give top priority in education and encouragement to form worker co-operatives to industries where (a) production-line or other dehumanising processes are used; (b) there is centralised decision-making remote from the workforce; (c) industries which are of critical importance in the economy.

RECOMMENDED REMIT: a necessary amendment of policy. 90% support.

REMIT 28 A VALUES GOVERNMENT WOULD require all banks (except the Reserve Bank) finance houses, insurance companies, and stock and station agencies to become co-operative enterprises.

RECOMMENDED REMIT: 80% support. Amends present policy that infers centralised control and excludes finance houses.

REMIT 29 A VALUES GOVERNMENT WOULD require monopolies to become co-operatives wherever either the workers or the community desired such a change. Community representation on these monopolies would be greater than in ordinary co-operatives.

RECOMMENDED REMIT: 80% support

REMIT 30 A VALUES GOVERNMENT WOULD immediately give the workers in a viable and socially desirable business the first right to take over the business and its assets should the owners wish to close the plant. In this case the owners' capital would compulsorily become a long-term loan.

RECOMMENDED REMIT: 100% support

REMIT 31 WHERE AN ENTERPRISE is of major economic or social leverage, provides services the benefits of which cannot readily be captured in direct payments, or is of a kind or scale inappropriate to private or co-operative enterprise it should take the form of a public enterprise. In the longer term VALUES AIMS TO decentralise control and management of the public sector and ensure that apart from the relevant community each of the groups directly affected by the activities of public enterprise can participate in its decision-making.

RECOMMENDED REMIT: 85% support

49. The working group sees the advantages of co-operative forms of ownership as:

1. Recognising that different groups are affected by the operations of the enterprise - not just workers and investors either, the community too (or so The Prime Minister seems to believe

Mr Jo Grimond, MP, recently visited the Spanish area of Mondragon to study local co-operative movements there, and he was very impressed with what he saw — he thinks the scheme has many lessons to provide — and wonders if this is not the time for places like Shetland to consider this lesson.

About his visit Mr Grimond writes: The Mondragon co-operative movement has not one, but over sixty co-operatives and new ones are being founded at the rate of four a year. Around 15,000 people are employed — all of whom have put up some capital, borrowed if necessary from the co-operative bank. The combined sales of the co-operatives last year exceeded £200 million. Among other goods produced (from agricultural

products to heavy engineering) the Eragor co-operative is the largest maker of washing machines in Spain. The workers appoint the management of the co-operatives (and dismisses it if incompetent). The workers fix the wages, maximum around £50 per week, and the conditions of work. Part of the profits go to the capital of the co-operatives, part to the individual worker. At present after 20 years' service a worker will have accumulated about £15,000 in capital, plus a pension. In twenty years there has been one strike and one failure of co-operative — all are now profitable.

There are also co-operative schools, a technical college, a research centre and social services. And all of a high order. A highly qualified electrical technician who accompanied our party said that he reckoned the research centre was as well equipped as any he had seen anywhere.

The whole of this remarkable development which has eliminated many of the stresses which lead to incompetence, frustration, over-manning and strikes such as bedevil Britain, centres round the bank. The bank of course is a co-operative. It takes in deposits from part of the Basque country and invests them in the co-operatives — or invests a proportion of them keeping a proper liquidity. It has also a management department which vets proposals for new co-operatives and monitors and assists existing enterprises.

I have long thought that we need some such arrangement. At present the Savings Banks and the Building Societies take large

amounts of capital out of Shetland. We need a bank which will put savings back into our economy. We need a bank which is identified with local business. We had a banker in our party. He was greatly impressed by the Cazo Popular Laboral particularly noted three points about it. It has canalised local patriotism. In the last fifteen to twenty years it has hardly ever had a substantial bad debt. If a co-operative needs assistance over say management, the bank is there to help — not foreclose.

With the growth of Shetland (or for that matter in other places Scottish or Orkney patriotism) is not this the time to consider this central lesson from Mondragon? With oil revenues and high salaries and wages from oil could we not increase productive investment here in Shetland by Shetlanders. I do not say that all businesses must be co-operatives, but I must say Mondragon is an eye-opener. And to come back to this country and read of the goings on at British Leyland, the over-manning in the nationalised industries and our futile industrial disputes, makes one long for a new departure in the way we run things.

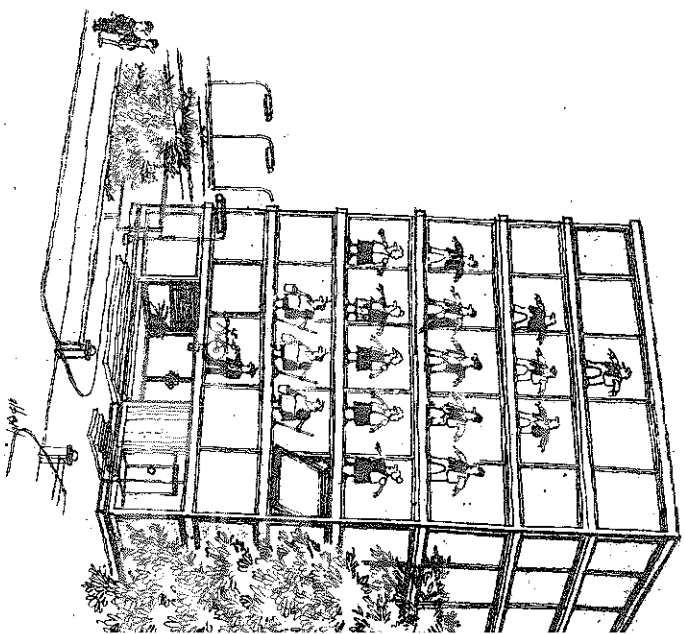
The other striking feature of the Mondragon group is that it has never had a penny of public money — no grants, no loans. Every penny has been subscribed or earned by the workers, or comes from deposits by local people. The parents of the children from ordinary working class homes pay for about 60 per cent of their education. The rest the schools raise. There is for instance a co-operative of 17-18 year old apprentices

which makes money and so pays for their fees. Of course, there is no truancy, no extravagance over say heating, and no army of officials. Some workers belong to Unions but what is the point of Trade Union officials when the workers are their own bosses? No one may get a salary more than 4½ times the minimum wage. Yet the managers are mostly around 30 and we were all agreed highly competent. And it is all of an extremely high — alarmingly high — standard. A factory making cookers and washing machines I am told has some of the most modern equipment the industrialists in our party had seen. The computer centre is being built. Their plans is on apparent production — the proceeds of which go not to a swelling bureaucracy but to the workers themselves and social services run by workers for workers and now superior to those provided by the state (which under Franco excluded the co-operatives from the state services).

"I'm afraid their worker participation scheme hasn't proved the success they'd hoped for."

"Evening Post", Thursday, March 16, 1976

17



Polytechnic

courses in

retrenchment

A SERIES of workshops being organised by the Wellington Polytechnic to help businessmen "retrench for profit" has attracted a response which seems to be a sign of the economic situation.

- ii. Directly assisting in Industrial Relations as all groups are party to decisions, all groups have a stake in the business, and the workers are not alienated from the surplus value of their production. For similar reasons directly assisting in productivity.
 - iii. Being flexibly adaptable to the particular situation of the enterprise;
 - iv. Being amenable to considering social and community goals alongside economic ones and being more likely to consider environmental and resource issues and to reorient modes of production accordingly;
 - v. Being more intrinsically just in recognising the worth of the labour investment ;
 - vi. Promoting the kind of social economy that New Zealand needs- co-operative, recognising the interdependence of various sectors, , and involving affected groups in participating crucial decisions.
50. The working group recognised that there are important pre-requisite steps to be taken before fully co-operative economies are possible:

"Initial overseas attempts to involve blue-collar workers on management boards largely failed. The workers had not been trained for such work nor did trade unions or the firm provide support. Unions saw the move as an attempt to compromise them by manipulating them to agree to policies they didn't understand. The new emphasis on workers organising their own daily work is the true base for co-operation between management and staff. We hope the unions will come in time to see co-operation as being more in their members' best interests than confrontation, but this move must come from union members. At present NZ unions lack the skills, the resources, and the research staff and thus the confidence to co-operate. Confrontation is still simpler than co-operation.... Much practical experience has shown that workers will co-operate meaningfully at board level only if they are also managing their own day-to-day work."

- People and Businesses : 1977 Co-ops report

The Party has a clear and unequivocal policy of Industrial Democracy. Worker ownership and co-operatives are the logical extensions of it:

REMIT 32 VALUES PROPOSES, as an immediate and short-term measure, to promote worker shareholding and partial worker ownership.
RECOMMENDED REMIT: 75% support

REMIT 33 A VALUES GOVERNMENT WOULD establish that, for any business, decisions relating to day-to-day operations and management would be made by the workers affected through such structures as they agreed
RECOMMENDED REMIT: 75% support

REMIT 34 VALUES RECOGNISES that experience in many countries have shown that organisation by the workforce of their own daily work is an important pre-requisite to full worker representation at Board level.
FORWARDED REMIT: 70% support

51. ~~There~~ remains then the questions of control and management in the meantime for those (medium- and large-scale) enterprises that do not become co-operatives. In this batch of remits we have applied the basic principles of the arguments for co-operatives to such situations, as an outline of minimum requirements of Values policy, and as a stepping-stone to co-operative ownership.

REMIT 35 VALUES BELIEVES that the permanent employee makes an investment in an enterprise by the fact of his or her employment that is as important as any other form of investment. By virtue of their investment of labour, workers will always be one of the groups represented on any Board of Directors.
RECOMMENDED REMIT: 85% support

REMIT 36 A VALUES GOVERNMENT WOULD immediately give all groups affected by the activities of a business the right to be heard in public by the Board of Directors, to pose questions and to have the answers and discussion also heard in public. This is because we believe a voice on the inside, before decisions are made, is more effective than legislation.
RECOMMENDED REMIT: 70% support

REMIT 37 VALUES PROPOSES THAT large scale businesses decentralise by delegating administrative decisions to local levels, and would make it possible for each local branch of such businesses to have its own policy Board of Directors.
RECOMMENDED REMIT: 80% support

REMIT 38 VALUES PROPOSES to encourage Community Councils to undertake ~~their~~ Social Audits of the social goals and performance of businesses in their area.
RECOMMENDED REMIT: 90% support

REMIT 39 VALUES RECOGNISES that by virtue of their investment of capital, investors will be one of the groups represented on Boards of enterprises. This policy would be redundant in co-operatives though, as investments in co-operatives would be by loans, and therefore investors would not need to be represented.
RECOMMENDED REMIT: The first part originally had 75% support; the group then moved decisively (80%) to the second part.

There are many examples of the concept of co-operation now:

Dairy co-ops and co-operative retail stores
Autonomous work groups in industry (Scandinavia)
Common ownership by workers in UK
Co-determination by workers and employers
in West Germany
Food co-ops, labour co-ops, and credit unions
in NZ and elsewhere

There are other areas of immediate application:
Finance; Housing; Forestry; Transport; Fisheries;
Maori Land... 1977 Co-ops Report.
Green Mark: A. A. A.

X. CONTROL OVER INVESTMENT

-40-

52. Finance and investment is the consequent most difficult area of economic policy, and the one we feel we were unable to give sufficient attention to. We were almost able to develop a comprehensive policy involving localised controls apart from the several remits proposed here - but we ran out of time and a quorum. Can't do everything at once:

REMIT 40 THE WORKING GROUP RECOMMENDS that the group be reconvened at some appropriate date without necessary prior endorsement by the Party, to complete its task by investigating policy detail on monetary and credit policy.

FORWARDED REMIT

53. However we feel we have dealt adequately with the key Values questions. In particular we proposed (remit 17) policy on a Capital (Productive) Assets Tax designed to channel the direction and use of productive assets and investment. (Remember, WHAT is produced is just as key a question to Values as HOW it is produced). Buses from a Balclutha co-op e.g. would be absolutely more important to Values than cosmetics from the Auckland branch of a multinational. We see the Capital Assets Tax as a 'macro-economic planning tool', being adjusted by central government up or down, to encourage or discourage, according to the Values of that government. Our Values are quite explicit: we FAVOUR regional development, labour-intensive industry, industry with low energy and resource use, small-scale and co-operative industry, industries essential to exports and to developing self-reliance. We DISFAVOUR their opposites and multinationals. The Capital Assets Tax proposal is once again a mechanism to implement policy goals: of itself it could support any system of values. Adopting it therefore behoves the Party to be quite explicit about its values.

54. The broad policy proposed by the group involves control over investment at many different levels:

- i. INDIVIDUALS may make loans to finance and investment organisations and/OR direct to productive enterprises. There would be NO compulsion to invest only in community banks. Such loans/investments would bring a return to the investor. There is strong policy proposed here and elsewhere by the Party to prevent accumulations of excess wealth and to enable workers to transform enterprises into co-operatives.
- ii. Banks and other financial intermediaries would be required to become community co-operatives and could invest money in the same way as individuals. This is an essential plank in policy.

"They are:

- the value of personal contact as the basis of social interaction;
- the benefits of co-operation;
- the human need for commitment and control over what affects one's life;
- the satisfaction of a socially worthwhile job;
- the essential value of the sense of security provided by belonging to a community and the variety and stimulation of alternative opportunities and choices."

Gary Williams, Community Democracy, p 9

- iii. A business may re-invest in its own activities or in other activities in the same way as individuals such balance of its surplus as remains after taxes, especially Capital Assets Taxes. (Obviously therefore Capital Assets Taxes must be set at levels that DO allow businesses to make a 'profit' There must be room for re-investment to protect jobs, update and improve technology, and provide rewards for efficiency.
- iv. Local communities may invest as they wish such portion of their revenue as remains after commitments on it. Other Values policy - notably Land Taxes - shifts TO LOCAL GOVERNMENT as much revenue and services as possible, providing a short-term answer to current local government finance crises, a policy answer to the crucial question of how on earth can a decentralised society be financed, and developing in local government an effective counterbalance to a (diminished) central government.
- v. Central government would invest in centrally-run government enterprises such portion of revenue as it wishes, provided central government does not take over activities that could be run in a more decentralised way. If that starts happening, there's something wrong with the system and it needs suitable adjustment.

REMIT 41 A VALUES GOVERNMENT WOULD establish broad control of the direction of investment as an important role of central government during the transition to a sustainable economy with the longer term aim of devolving specific functions to more local levels of government with central government acting mainly as planning and co-ordination forum and watchdog on financial trends, retaining its Reserve Bank powers.
RECOMMENDED REMIT: 75% support

REMIT 42 In its policy VALUES WOULD use Net Economic Welfare rather than Gross National Product as the measuring rod of the strength of the economy and assert social goals as well as profit as the responsible goal of economic activity. We aim to establish a society in which productive effort, social service and personal saving are rewarded but in which no personal profit is derived from speculating in our natural resources, our land, or the savings of others.
RECOMMENDED REMIT: first sentence 90% support, second 100%.

REMIT 43 VALUES BELIEVES that investment in non-Government owned enterprises should ideally be by loans from institutions and individuals. Such loans would be interest-bearing.
RECOMMENDED REMIT: 80% support

55. The issue of foreign ownership and investment was raised too. Early on we reached consensus that the New Zealand economy must be owned and controlled by New Zealanders and singled out multinationals to give examples of the worst features of capitalism. But we also agreed

DID YOU KNOW...

Overseas interests own:

35% of our FINANCIAL INSTITUTIONS
60% of our DEPOSITS IN TRADING BANKS
87% of the INSURANCE REVENUE
30% of OUR MANUFACTURING
50% of our MEAT PROCESSING
40% of our TRANSPORT INDUSTRY
100% of the PETROLEUM INDUSTRY

~~~~~

EIGHT OUT OF TEN INDUSTRIAL WORKERS ARE  
EMPLOYED BY FOREIGN INTERESTS

that there was a continuing need for foreign investment, for New Zealand has perennially experienced shortages of capital, technology is continually improving, and often it is only foreign companies that have the necessary expertise. The sort of policy proposed has proven sufficiently attractive in other countries to retain some degree of foreign investment there while establishing local control. Another policy with similar effects is the 'self-destructing shares' proposal, which also has advantages in retaining some rewards for the entrepreneur who takes the initial risks and works hard to get something established. There was support for both ideas within the group, with this one finally winning out in that it conformed more closely with other proposed policies:

REMIT 44 A VALUES GOVERNMENT WOULD permit new investment from overseas only in the form of loans.  
RECOMMENDED REMIT: 80% support

## XI. ROLE OF GOVERNMENT

56. The last batch of remits is fairly long but represents we believe significant clarifications of important policy issues. Certainly they represent satisfactory resolutions of key debates within the group. Perhaps the most intensely fought was the relative priority of sustainability goals as against social justice goals. There was no argument about the wording of either: the argument was the proposition that sustainability was Values' primary goal and social justice was only secondary. This proposition failed to gain the necessary support, with the counter-arguments:

"Another rewording of the 'production first, redistribution later' argument advanced so often in the past to counter social reform."  
"Economic sustainability COULD happen through the existing power structures but it must not, for the sake of democracy and social health. If it does and survival is then assured, what is left to induce the holders of power to let it go in favour of some democracy and justice?" "The proposition is tied in with crisis central government management of affairs and imposition of solutions. That is against Values principles of decentralisation."

The opposite proposition wasn't put but would have likewise failed. Thus a debate that surfaces frequently at branch, national, and pwg level of the Party, and has the characteristics of a right-left kind of ideological debate is finally resolved: the two must 'go hand in hand'. Both tributaries of thought are essential to Values philosophy:

REMIT 45 VALUES RECOGNISES that long term social justice is possible only within the context of a sustainable economy and therefore emphasises that movement towards an economy that can be sustained in the long term MUST GO HAND IN HAND with movement towards a society in which the products of the economy are equitably distributed.  
RECOMMENDED REMIT: 100% support

REMIT 46 VALUES IS COMMITTED to the development of a sustainable economy because our standards of living will inevitably continue to fall until we have:

- (i) greatly reduced our dependence on imported fuels and resources;
- (ii) greatly reduced all forms of material waste;
- (iii) greatly built up our self-reliance;
- (iv) stabilised our population at a sustainable level.

This will require the development of:

- (i) industries and forms of transport that require minimal amounts of oil;
  - (ii) the avoidance of waste;
  - (iii) a shift from energy and capital intensive industries and technologies to more labour intensive industries and technologies;
  - (iv) a considerable decentralisation of economic activities.
- Many alternative technologies for these are already known and others are being developed.

RECOMMENDED REMIT: 95% support

REMIT 47 VALUES WOULD promote smaller-scale and co-operative enterprise

RECOMMENDED REMIT: 90% support

REMIT 48 VALUES WOULD promote strong local consumers' organisations and finance the initial publicity, staffing, and training but would not itself run any such local consumer organisation

RECOMMENDED REMIT: 100% support

REMIT 49 IN THE LONGER TERM VALUES AIMS TO build a society in which high levels of social justice are accepted as part of New Zealand's way of life. By a just society VALUES MEANS a society in which work, income, wealth, and power are distributed as equitably as possible and in which there is no excessive wealth or unchosen poverty.

(b) VALUES RECOGNISES THAT

- an equitable distribution of power is possible only in a society in which there is an equitable distribution of wealth;
- this is possible only in a society in which there is an equitable distribution of income;
- this is possible only in a society in which there is an equitable distribution of work.

(c) VALUES THEREFORE AIMS build a society in which:

- all who wish to work are able to;
- all who work or wish to work receive an income sufficient to maintain an adequate standard of living;
- everyone has access as of right to essential services;
- natural resources and the products of the economy are distributed as equitably as possible and to the best advantage of all;
- personal wealth accrues only as a result of productive effort, social service, and personal saving;
- there is no excessively high level of personal income or wealth;
- all have access to participation in making the social and economic decisions that affect their lives.

RECOMMENDED REMIT: 95% support



57. There was no comparable debate on the statement or priority of the long term goal on decentralisation. It was also well accepted that there was a need for retaining at central government level both overall economic planning powers and sufficient power and revenue to maintain regional balance. Some redistribution between regions is an important role of central government (perhaps the better word is federal?). Current trends see the concentration of wealth in the metropolitan areas and in the Auckland-Waikato-Bay of Plenty 'wealth belt' and the development of relative poverty in rural and southern regions. Particularly hard-hit examples are Northland, Coromandel, East Cape, Westland, Wanganui. Just as in the particular rural-urban or suburb-suburb clashes of interest the best resolution lies in an overarching body in which all interests are represented so in these cases the best resolution will lie at national level. Unfortunately a population-based House of Representatives may well exacerbate the problem: Auckland alone provides more MPs, more united, than the sum of the poorer regions. A grave danger in a decentralised system is that it will penalise the already poor regions at the expense of the already rich

REMIT 50

VALUES VIEWS with alarm the increasing centralisation of political and economic power in central government. We seek a society in which community councils are the basic unit of government; local and regional services are provided by local and regional government; authority and responsibility rest as closely as possible with the people using the service; and is accountable to them; and each individual has the greatest possible opportunity to influence the decisions that help shape their lives.

VALUES WOULD promote devolution of political and economic power of central government and build up the level of local and regional self-reliance necessary for a sustainable society. We recognise such devolution cannot be effective unless there is a corresponding change in the system of public revenue that ensures an independent and viable source of revenue for local and regional government. WE PROPOSE to alter the balance in the mix of taxes so that the sources of their revenue are sufficient to meet the costs of devolved services and functions.

VALUES SEES the continuing necessary functions of central government in the economic sphere as extending to broad control of the direction of investment; national planning and co-ordination; ensuring minimum standards and regional balance; and the adoption and promotion of policies that work towards and maintain a SUSTAINABLE, JUST, CO-OPERATIVE, and COMMUNITY-BASED SOCIETY.

RECOMMENDATION: REMIT: (a) 90% support; (b) 95% support; (c) 80% support.

# APPENDIX I

## A USEFUL COLLECTION OF QUOTES AND FIGURES

I.1

In New Zealand as in English law there may be absolute ownership of goods, but not absolute ownership of land. The Crown is the only absolute owner of land recognised in English law. A subject cannot be an absolute owner, but can be only a "tenant or holder of an estate or interest in the land." The Sovereign is the supreme owner, the lord paramount, of all the land in England, and all land is held either directly from the Crown or from some mesne or intermediate lord between the tenant and the Crown. This paramount right of the Crown is shown when land is required for public purposes, such as land for a railway or for subdivision for closer settlement, but such paramount right now has a statutory basis, e.g. the Public Works Act 1928...

...the document of tenure is a fundamental principle of the English law of real property; and to say that the doctrine of tenure is not to prevail in this colony is as much as to say that the English law of real property is not in force here. This we may safely treat as an absurdity.

Maxim: "A man cannot have a greater estate of inheritance than fee-simple."

Judgement Veale v. Brown, 1868

(Source - Law of Real Property)

I.2

The latest available figures (1960) (!)

|          |                      |            |
|----------|----------------------|------------|
| indicate | 9 million hectares   | freehold   |
|          | 7.4 million hectares | Crown land |
|          | 1.4 million hectares | leasehold  |

I.3

| Local Authority District                             | Area  | Population | Rateable Property Values |       |                       |  |
|------------------------------------------------------|-------|------------|--------------------------|-------|-----------------------|--|
|                                                      |       |            | Capital Value            | UV/LV | Value of Improvements |  |
| <i>Percentage Distribution</i>                       |       |            |                          |       |                       |  |
| Counties .. .. .                                     | 98.5  | 25.3       | 34.1                     | 43.4  | 26.3                  |  |
| Cities and boroughs ..                               | 1.4   | 73.8       | 65.8                     | 56.5  | 73.5                  |  |
| Town districts (independent) and District Council .. | --    | 0.7        | 0.1                      | 0.1   | 0.2                   |  |
| Totals                                               | 100.0 | 100.0*     | 100.0                    | 100.0 | 100.0                 |  |

\*Balance made up of persons on shipboard and extra-county islands.

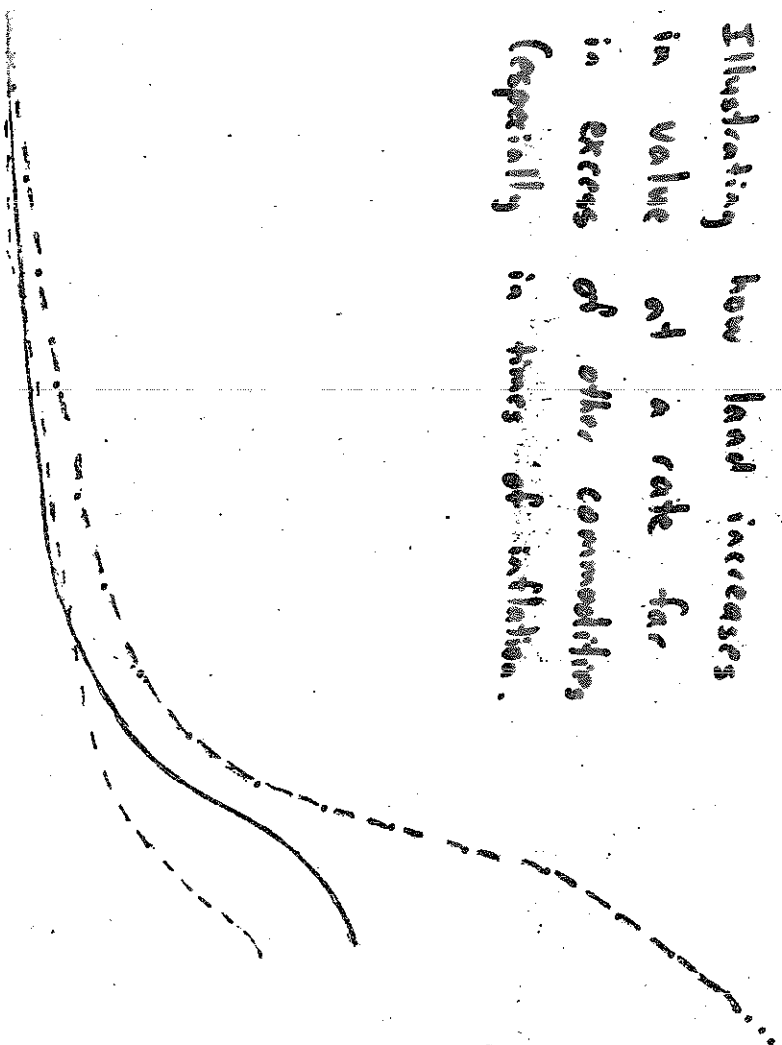
1977 Year-book p.285.

# I.4

RESIDENTIAL LAND PRICE INCREASES.

IMPROVED PROPERTY PRICE INCREASES.  
New House Construction Cost INCREASES.

Illustrating how land increases in value at a rate far in excess of other commodities (especially in times of inflation).



Sources: Valuation Department; NZ Institute of Valuers.

YEAR.

1961 1962 1963 1964 1965 1966 1967 1968 1969 1970 1971 1972 1973 1974 1975 1976

BRUNN O'NEILL: IMPUT TO WILKINSON COUNCIL

## Property Values

The price of land is a good example of the irreversibility of capital values since World War II. Table II gives the average value of an acre for country freehold properties from 1950 onwards, compared to an average export price index:

Table II

| Land Values and Export Prices 1950 to 1975 |             |                  |                    |
|--------------------------------------------|-------------|------------------|--------------------|
|                                            | \$ per acre | Index Land Price | Index Export Price |
| 1950                                       | 19.38       | 100              | 100                |
| 1951                                       | 29.06       | 150              | 117                |
| 1952                                       | 44.92       | 231              | 94                 |
| 1953                                       | 48.22       | 249              | 105                |
| 1954                                       | 53.38       | 275              | 106                |
| 1955                                       | 51.54       | 266              | 109                |
| 1956                                       | 60.42       | 312              | 107                |
| 1957                                       | 59.88       | 309              | 105                |
| 1958                                       | 64.06       | 331              | 89                 |
| 1959                                       | 73.94       | 382              | 102                |
| 1960                                       | 70.54       | 364              | 99                 |
| 1961                                       | 72.72       | 375              | 93                 |
| 1962                                       | 83.20       | 429              | 95                 |
| 1963                                       | 81.44       | 420              | 105                |
| 1964                                       | 85.54       | 441              | 115                |
| 1965                                       | 98.34       | 508              | 111                |
| 1966                                       | 118.76      | 613              | 110                |
| 1967                                       | 115.60      | 596              | 99                 |
| 1968                                       | 126.64      | 653              | 106                |
| 1969                                       | 113.26      | 584              | 113                |
| 1970                                       | 129.77      | 670              | 113                |
| 1971                                       | 131.98      | 681              | 123                |
| 1972                                       | 149.76      | 773              | 150                |
| 1973                                       | 170.21      | 878              | 200                |
| 1974                                       | 212.71      | 1098             | 189                |
| 1975                                       | 297.96      | 1537             | 175                |

Sources: N.Z. Meat and Wool Boards' Economic Service, Annual Review of the Sheep Industry.

W. Rosenberg:

The Coming Depression  
p. 84

What concerns us first of all - because it contributes directly to inflation - is the question of "unearned increment"; in other words, the ability of landowners in areas where "improvements" such as roads or factory sites or whole cities are being planned to secure for themselves vast fortunes simply by engrossing all the value added to their land, although the value itself stems either from the community's need for the land or from its public improvements. The winners' constructive role is about equal to that of the winner in a lottery - or the gentleman behind the sea wall in 1427. And it encourages the lottery spirit of speculation - people buying into land on all the routes of the advancing city and selling it, unimproved, at profits derived not from their own work but from other people's needs.....

Private gains have various other unsatisfactory results. Public improvements cannot be financed out of the growing value of the land. Increased costs are imposed on poorer citizens. Above all, there is considerable distortion in the use of prices as a reliable mechanism of allocation. For there is no guarantee that the highest price offered for the site does insure the best use. A property developer in Los Angeles can buy up a hillside, clear it of trees, layer it almost flat, put up a maximum number of ticky-tacky houses, and reap the largest financial return. But the "best" use for the hill might well have been to leave it as a community park or the site for a school.

(Source - "The Home of Man" by Barbara Ward)

I-7

A recent publication entitled "The Way to Real Estate Wealth in N.Z." explains various ways of exploiting this community created increase in property values, for the benefit of the "get rich quick" individuals. All of the methods outlined, although legal, depend on methods of capitalising on this community created wealth and therefore are of rather dubious moral quality. During the last 5 years particularly, people in every salary and social bracket have indulged in the "property game" in order to capitalise on their increased equity, and/or reap some of the capital gain associated with property during inflation. This is recognised by the Economists as "the flight of capital to real estate in times of inflation." Naturally the "Monopoly" players who start with large property holdings, or the wealth to acquire it, make the most gains, but even single home owners join in, with varying degrees of success. By selling their existing home and realising on their increased equity, they are able to finance themselves into a more prestigious home. Yes, their repayments will be higher, and their repayment period longer, but they count on continuing inflation offsetting these factors. The biggest losers initially are the mortgagees (the people who lend mortgage money) because, although their money is tied up in real estate it is not receiving any of the benefit of the capital gain. However, the real losers are society, especially the prospective new home owners who find that the bulk of housing finance is going to finance fewer and more prestigious homes for the "capital gainers" who are stepping up the social ladder.

(Source - Brian D'Arcy's Land Use Policy paper)

# AVERAGE CONSIDERATION PER LAND TRANSFER

(HISTORICAL - SELECTED YEARS : SOURCE 1977 YEARBOOK)

| YEAR                                                 | No.<br>Transfers | Considerations<br>(\$ millions) | Average<br>Consideration<br>(\$) | % CHANGE p.a. |
|------------------------------------------------------|------------------|---------------------------------|----------------------------------|---------------|
| 1931                                                 | 25,626           | 44.1                            | 1293                             | -             |
| 1936                                                 | 23,044           | 31.2                            | 1353                             | + 6.92        |
| 1941                                                 | 28,828           | 51.5                            | 1786                             | + 6.4         |
| 1946                                                 | 38,060           | 76.7                            | 2015                             | + 2.5         |
| 1949                                                 | 36,564           | 76.8                            | 2100                             | + 1.4         |
| 1950                                                 | 39,058           | 81.3                            | 2081                             | - 0.9         |
| - CHANGE IN POLICY: RESTRICTIONS AND TAXES REMOVED - |                  |                                 |                                  |               |
| 1951                                                 | 57,938           | 158.7                           | 2739                             | + 26.0        |
| 1952                                                 | 56,609           | 218.3                           | 3856                             | + 40.8        |
| 1956                                                 | 49,100           | 241.9                           | 4926                             | + 6.9         |
| 1961                                                 | 61,412           | 375.6                           | 6116                             | + 4.8         |
| 1966                                                 | 71,508           | 592.6                           | 8287                             | + 7.1         |
| 1971                                                 | 83,610           | 918.9                           | 10,990                           | + 6.5         |
| 1972                                                 | 86,042           | 985.4                           | 11,652                           | + 6.2         |
| 1973                                                 | 105,193          | 1,339.9                         | 12,737                           | + 11.22       |
| 1974                                                 | 125,796          | 2,133.0                         | 16,956                           | + 33.1        |
| 1975                                                 | 96,867           | 2,135.1                         | 22,046                           | + 24.1        |
| 1976                                                 | 98,003           | 2,202.8                         | 22,476                           | + 1.9         |
| * 1977                                               | 101,968          | 2,691.6                         | 26,396                           | + 17.4        |

\* Provisional

LOCAL GOVERNMENT'S SHARE OF RESOURCES:

CURRENT REVENUE OF TERRITORIAL LOCAL AUTHORITIES  
AND THE AUCKLAND REGIONAL AUTHORITY, EXPRESSED  
AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT AND  
CENTRAL GOVERNMENT REVENUE

|         | Income<br>(including all<br>subsidies) as<br>percentage of<br>GDP | Central<br>Government<br>revenue (1976<br>prices)(1)<br>\$m | Territorial and<br>Auckland Regional<br>Authority revenue<br>as percentage of<br>central government<br>revenue |
|---------|-------------------------------------------------------------------|-------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| 1965/66 | 2.76                                                              | 2096                                                        | 10.47                                                                                                          |
| 1966/67 | 2.84                                                              | 2193                                                        | 10.52                                                                                                          |
| 1967/68 | 2.89                                                              | 2114                                                        | 10.73                                                                                                          |
| 1968/69 | 2.95                                                              | 2113                                                        | 11.04                                                                                                          |
| 1969/70 | 2.92                                                              | 2250                                                        | 10.81                                                                                                          |
| 1970/71 | 2.80                                                              | 2553                                                        | 10.07                                                                                                          |
| 1971/72 | 2.78                                                              | 2740                                                        | 9.81                                                                                                           |
| 1972/73 | 2.82                                                              | 2911                                                        | 10.30                                                                                                          |
| 1973/74 | 2.55                                                              | 3313                                                        | 8.63                                                                                                           |
| 1974/75 | 2.84                                                              | 3317                                                        | 9.10                                                                                                           |
| 1975/76 | 2.85                                                              | 3186                                                        | 9.66                                                                                                           |

Source: Local Authority Finance  
in New Zealand, 1977

Strictly speaking we need to do the sums to see how the Land/Capital Assets Tax works out. We found it very hard to track down the necessary data from our available sources. (Year. books.)

But we did manage to complete it for one year: all figures here are rounded.

|                                            |             |                 |
|--------------------------------------------|-------------|-----------------|
| In 1968-69 Land Value of N.Z.              | amounted to | \$4,500 million |
| Taking the max. rate of land tax at 8%     |             | 360 million     |
| In 1968-69 Capital Assets                  | amounted to | 4,000 million   |
| Taking the max. rate of Capital Assets Tax |             |                 |
|                                            | at 10%      | 400 million     |

Of this \$110 million was in fact collected (rates etc.) leaving \$650 million uncollected.

Income tax generated from most incomes (up to \$10,000) was \$400 million. This could be eliminated, and there's still \$250 million to play around with if the guideline is to keep total revenues much the same.

= we're talking of mountains not molehills.

I.11

The Land/Capital  
Assets Tax proposal,  
combined with indirect  
taxes, would revise  
this to (first guess...)

Table 11  
SOURCES OF TAX REVENUE, SELECTED YEARS  
1876-1977

|         | Taxes on<br>Income | Taxes on<br>Wealth and<br>Property | Taxes on<br>Expenditure | Total |
|---------|--------------------|------------------------------------|-------------------------|-------|
| 1875-76 | 0.0                | 0.0                                | 100.0                   | 100.0 |
| 1890-91 | 0.0                | 13.9                               | 86.1                    | 100.0 |
| 1910-11 | 8.1                | 12.6                               | 79.3                    | 100.0 |
| 1934-35 | 33.9               | 10.9                               | 55.2                    | 100.0 |
| 1947-48 | 52.0               | 5.3                                | 42.7                    | 100.0 |
| 1952-60 | 58.8               | 4.5                                | 36.6                    | 100.0 |
| 1969-70 | 66.0               | 2.5                                | 31.5                    | 100.0 |
| 1976-77 | 73.6               | 1.6                                | 24.8                    | 100.0 |

Sources:

New Zealand Monetary and Economic Council. *The Public Sector*, Report No. 31, 1976, p. 19.

Muldoon, R. D. *Financial Statement*. Government Printer, 1977. Table 3, p. 48.

Taxation Review Committee. *Taxation in New Zealand*. Government Printer, 1967, p. 55.

Source:  
N.Z. Planning Council,  
Planning Perspectives  
1978-1983. p. 43

Tax on Wealth Sales

1978-83: 20 50 30

I.12

## CAPITALISM AT WORK

### Division of New Zealand Work Force According to Classes

|      | Employers and Self-<br>Employed +<br>Relatives Assisting | % of<br>Total | Wage and<br>Salary<br>Earners | % of<br>Total |
|------|----------------------------------------------------------|---------------|-------------------------------|---------------|
| 1896 | 105,632                                                  | 36.1          | 187,291                       | 63.9          |
| 1921 | 136,500                                                  | 26.9          | 370,700                       | 73.1          |
| 1951 | 151,500                                                  | 20.8          | 577,700                       | 79.2          |
| 1971 | 140,800                                                  | 12.6          | 974,700                       | 87.4          |

Source: New Zealand Census.

Source: W. Rosenberg, *op.cit.*,  
p. 65

The proposed  
co-operatives policy  
would apply to  
less than half  
of NZ's factories:

I.13

A classification of the establishments, according to the number of persons engaged, is now given.

| Year                             | Factories With Persons Engaged Numbering— |        |        |        |          | Total   |
|----------------------------------|-------------------------------------------|--------|--------|--------|----------|---------|
|                                  | 10 or Under                               | 11-20  | 21-50  | 51-100 | Over 100 |         |
| <i>Number of Factories</i>       |                                           |        |        |        |          |         |
| 1971-72                          | 4,109                                     | 1,451  | 1,323  | 492    | 408      | 7,783   |
| 1972-73                          | 3,984                                     | 1,446  | 1,323  | 504    | 412      | 7,669   |
| 1973-74                          | 3,931                                     | 1,482  | 1,313  | 530    | 434      | 7,690   |
| <i>Number of Persons Engaged</i> |                                           |        |        |        |          |         |
| 1971-72                          | 21,171                                    | 21,373 | 41,669 | 34,717 | 113,494  | 232,424 |
| 1972-73                          | 20,896                                    | 21,216 | 41,400 | 35,398 | 116,738  | 235,648 |
| 1973-74                          | 20,472                                    | 21,738 | 41,241 | 37,358 | 123,713  | 244,522 |

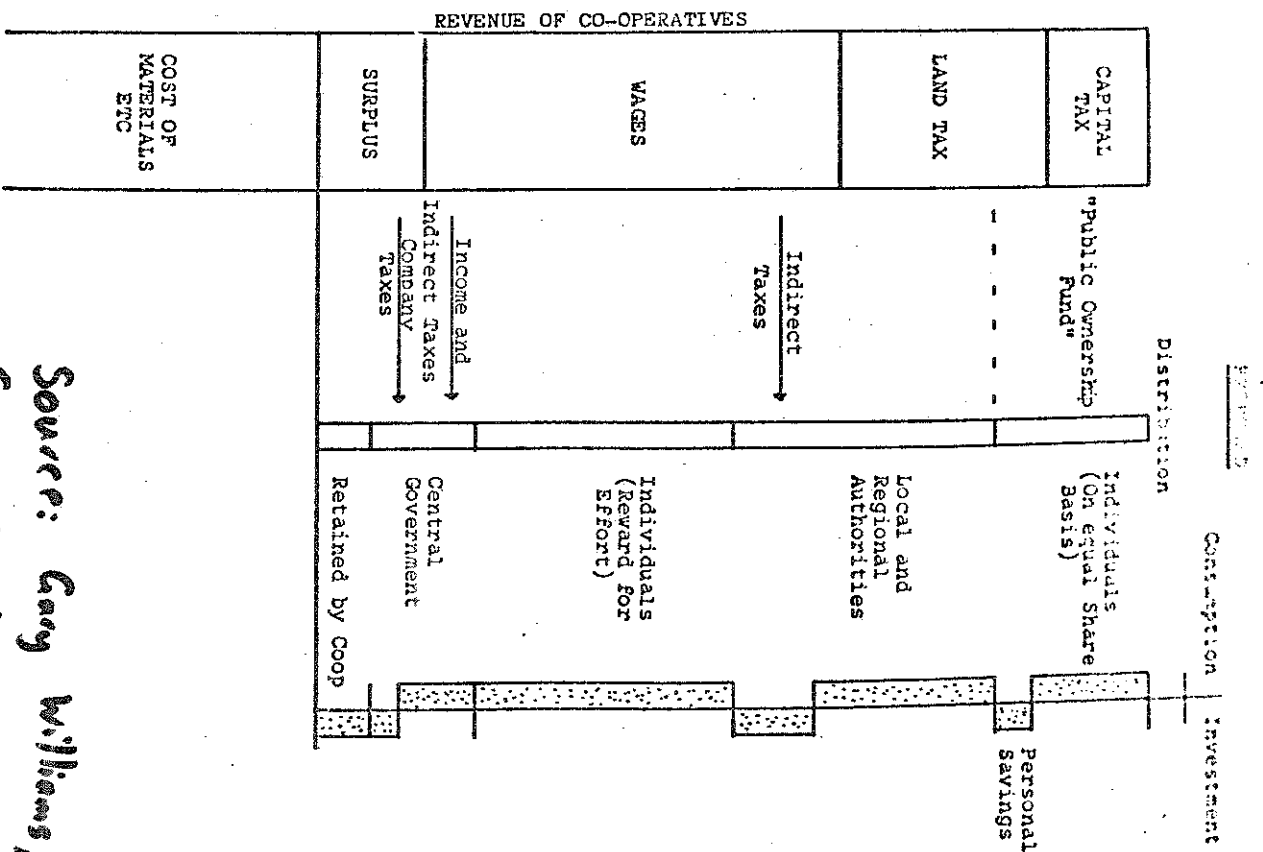
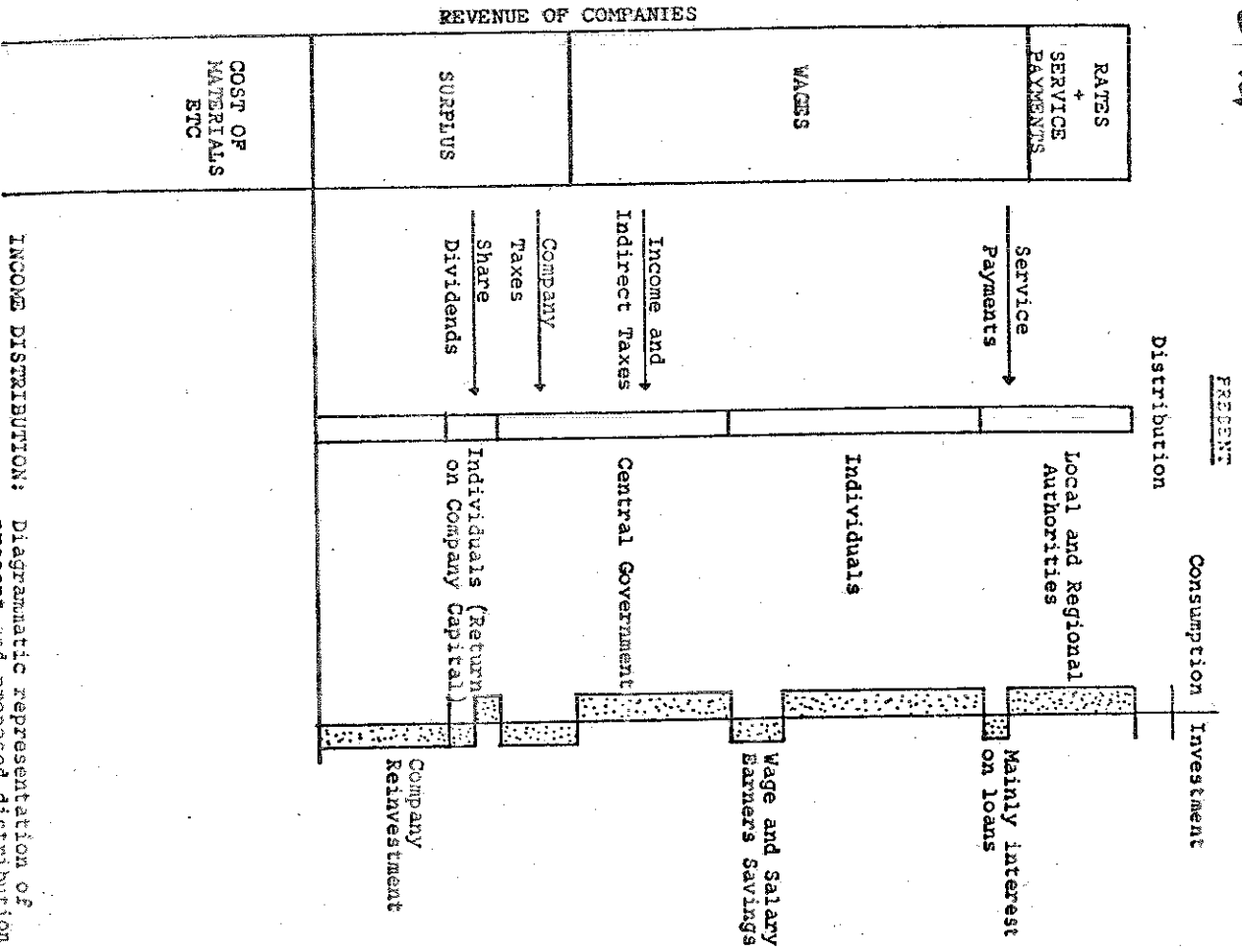
The classification according to the number of persons engaged shows clearly that, judged by the standards of highly industrialised communities, the average size of the industrial unit in New Zealand is small. Factories employing 10 persons or under accounted for 51 percent of the total number of factories in 1973-74.

→ N.B.

Source: 1977 Yearbook



I.14



Source: Gary Williams,  
Community Democracy.  
 pp. 57-58.

## APPENDIX II

### POLICY WORKING GROUP PROCEDURES

#### II.1 HOW WE WORKED

- 1.1 We had a timetable which we more or less kept to. Given the time span we had (6 months) for the very large brief we had, this was obviously essential :

September 77: LO/2 (Brief broken into tasks, asks for input on first task, asks for participants) distributed to all branches via Linkletter and to sundry probably interested individuals.

October 77: Participants reply to LO/2.

November 77: LO/3 (Discusses brief, procedures, issues, sorts out and presents all previous policy, asks for reactions to about a third of it- Principles and Goals- and for all new policy inputs) distributed to all participants, and to sundry others (delegates of unrepresented regions, unrepresented spokespeople.)

December 77: Participants reply to LO/3. LO/3 reported in Vibes.

January 78: (a) LO/4 (Reports on replies to LO/3, summarises inputs, canvasses suggested resolutions to key issues, asks for reactions to another third of previous policy - Transitional mainly- arranges face-to-face workshop) out to all.  
(b) Participants reply to LO/4.

February 78: (a) LO/5 out (simply records answers to LO/4 and finalises details of workshop).  
(b) Face-to-face workshop Waitangi weekend. First day spent resolving what the issues, priorities and options are, second day spent deciding on them.  
(c) List of remits for Conference produced.

March 78: (a) Advice in Linkletter of importance of group remits and report.  
(b) Final report written and copied  
(c) Advice of report and short summary to Vibes.

- 1.2 The task of reviewing and formulating policy is complex enough to require a breakdown into four tasks. The correspondence format of pwg's requires at least two and preferably four months for each task : the circular outlining the items takes a month to get out; participants need a month or so to reply and comment ; the different replies and comments point to a consensus and wording that is recirculated (takes another month); for reply and comment (another month). Different stages can of course be run simultaneously on the four tasks, as we did it. In my view the task of reviewing and formulating policy should keep a group busy every month for a full year.

The four separate tasks requiring this treatment are:

- i. Finalising the brief, procedures, issues, and priorities
- ii. Reviewing and formulating Principles and Goals
- iii. Reviewing and formulating Transitional policy
- iv. Reviewing and formulating Electoral policy and action proposals.

1.3 There were over 100 items of previously passed policy to review in our particular areas of interest. Added to that were the dozen or so procedural decisions to take, and several Inputs. Inputs came most frequently in the form of longish papers on one aspect of the subjects under discussion. The procedure we took was to vote and comment separately on each item: circulars LO/3 and LO/4 were each accompanied by a reply sheet calling for Yes/No/Don't Know votes on each of 70 items. This procedure attracted criticism from some members as tiresome, frustrating, and tending to obscure the major points in a mass of detailed decisions. In my view the alternative approach of working towards overall position statements is even more tiresome, frustrating, and obscurantist - and after a time of wonder leaves you with numerous points of detail you still have to sort out. The vote-and-comment approach enables and encourages wider participation, is far easier to handle for a convenor, and leads to decisions that incontrovertibly represent group consensus. The 'don't know' option caters for those unsure of their ground in that particular question. I would in future include a 'yes but' option as well for those numerous cases where people agree with the principle but not the wording. 'Yes but' encourages them to comment why, thus isolating the real issue.

1.4 Early on we took the invaluable course of clarifying our decision-making guidelines for the group. These became:

- i. A 'quorum' was 30% of group membership - i.e. we didn't count any decision unless 30% of members had voted on it.
- ii. A 'majority' was 60% of replies voting one way. 40-60% support either way made it a 'split' decision, i.e. one still alive in group discussions but not to be passed onto Conference as such and obviously requiring amendment before it could attract majority support.
- iii. A 'significant majority' was 75% of replies voting one way. The status of significant majority decisions was such that we aimed for this rather than simple majority decisions - significant majority decisions were recommended to Conference (majority ones simply forwarded); significant majority decisions provided the reference points for split or majority decisions being decided later on.

1.5 A face-to-face workshop held after the rounds of circulars had been completed and before we finalised which remits would go through to Conference would we knew beforehand be essential in our particular working areas because there were crucial issues and options that could not be settled simply by correspondence vote-and-comment. There

desirable in most working groups. We were relatively lucky in managing to find a weekend when over 40% of the group, including 80% of the active participants, could attend for two days unbroken by other disturbances. We found that all of the two days were necessary: the first was spent in 'playing tapes', isolating the really key issues and options, and finding the group's basic position on these; the second on finally deciding outstanding questions - or as many as we could. Most of the remits in the Conference Order Paper come from this workshop.

## II.2 WHAT WE MANAGED

2.1 By the time we came to the weekend workshop we had 40 people on our mailing list - far and away the largest policy working group the Party has seen. Our active participation rate (those replying to circulars) was 60% both times - far and away the highest the Party has seen in any policy working group.

2.2 In my view the group had the widest and most fairly representative base of any policy working group too. There is always room for disagreement on such a claim, but the factors that lead me to make it are:

- i. all 18 regions were represented on the mailing list and nearly half the financial branches;
- ii. our active participants covered 60% of regions and 30% of financial branches;
- iii. there was a close to 50:50 split in rural:urban addresses in both mailing list and active participants; there were as many farmers and as many unionists in our active participants as in the Party's agriculture and industrial relations working groups respectively.
- iv. 20% of the mailing list were regional and national officeholders, including 2 of the 4 relevant spokespeople (we sent copies to the other 2 anyhow); equally, 20% of the mailing list were people I as General Secretary had never heard of before this group, i.e. 'ordinary branch members'.
- v. 25% of the mailing list (and active participants) were women in what is traditionally a male-exclusive domain.
- vi. As is a convenor's job I kept a count of the political positions of the group as far as I knew them or could predict them; in about a third of the cases I didn't or couldn't. The more radical positions always held a plurality (not a majority) of the rest, enough to initiate proposals and 'block' proposals they didn't want, but never enough to carry proposals on their own. This in fact corresponds to the position of the Party at large, it is claimed. Certainly our decision-making guidelines meant that the 'non-radical coalitions' could also and equally block any proposals they didn't want.

- 2.3 Out of potentially 250 items to vote and decide on, we managed slightly over half. Most of the remainder were electoral policy details the results of voting on which are fairly predictable. Of the key issues debated at 77 Conference and deferred to us, we managed resolution on all but one (extent of community ownership). We also managed to resolve key issues in the capital investment area that 77 Conference didn't get round to addressing. We almost but not quite managed a statement on credit policy (ran out of a quorum). We began research work on these areas, trying to work out in detail the actual impact of these policies on the broad range of economic activity - began but scarcely completed. For the six months including December and January we believe that's not bad. Some people have decimalised time in advance - believing there are only 10 working months in a calendar year. We didn't have that luxury.
- 2.4 Apart from the unfinished agenda noted above and in the body of the report some of the other things we did not manage completely satisfactorily are :
- i. policy education of the membership at large - isolated instances no doubt, and more than previous policy groups certainly, but not as much as either the subjects warrant or a fully-functioning pwg would manage.
  - ii. liaison with spokespeople - this is a two-way thing of course.
  - iii. a satisfactory level of access to us by potentially interested members. - we were receiving new input right up to and after the workshop weekend from people who had just heard of our existence. In part we were handicapped by the Decimalisers of the Calendar Year at branch level anyway, and by the non-appearance of Vibes till March. We did all we reasonably could - I believe the basic problem here is at branch secretary level and there is not much more that we could have done.
  - iv. lateness of final report - apologetically and admittedly, but you should see my in tray!

### II.3 RECOMMENDED FOR FUTURE PWGs

- 3.1 There is within the Party a definite and intensifying consensus in favour of the policy working group approach to at least policy review and formulation, and possibly to other functions as well (spokespeople support, research and action, policy education). This exists alongside awareness of the limitations of pwgs and criticism of existing pwgs; it's just that the alternatives are either in greater disfavour or disrepute and the functions are seen as more and more necessary. 77 Conference moved to tighten up pwg establishment considerably, particularly by requiring administrative competence of any prospective convenor. Nothing in my experience suggests that this was unnecessary or went too far. In fact I believe we need to go further and provide more definite guidelines for pwg procedures. In this respect we should be instructed by

the experience of what I believe are generally regarded as the two most successful pwgs the Party has had : Transition and Land and Capital.

3.2 The following recommendations are mine alone uncanvassed at the moment, and are addressed mostly to future pwg convenors and members:

- i. The FUNCTIONS of any pwg should include:
  - reviewing and formulating policy;
  - acting as a resource-group for spokespeople;
  - educating the membership at large in existing policy;
  - researching and formulating action proposals ;
- ii. The MEMBERSHIP of any pwg should include:
  - the convenor
  - the relevant spokespeople
  - at least 3 others, at least 1 of whom resides in a different region from the convenor (thus compelling written group circulars)
  - a representative base of the membership of the Party, as judged by rural/urban, men/women, radical/non-radical, north/south etc.
- iii. In order to maintain CONTACT with potentially interested Party members, the convenor should:
  - report to Vibes at least 3-monthly;
  - send each group circular to all on the group mailing list plus the General Secretary plus relevant spokespeople plus any known potentially interested members plus some one in each region.
- iv. The BRIEF for any pwg should be along these lines:
  - to review and formulate Party policy in areas \_\_\_\_\_ as specified in the Policy Reference Manual;
  - to liaise with the spokesperson ( specified) in order to help them monitor developments in their interest-areas, check initiative statements;
  - to undertake research projects in the areas specified and to formulate action proposals for the Party at large
  - to initiate policy education of the membership in the specified areas
  - to be accountable to the Party via the General Secretary and/or Pwg Co-ordinator at GDMs and to report if required to each Conference
  - to meet together in a face-to-face situation at least once a year
- v. The PROCEDURES of any pwg should include:
  - breaking down the group's brief into separate tasks with a deadline for achieving each task and an overall timetable;
  - early establishment of the group's priorities, major issues to resolve, and decision-making guidelines;
  - regular circulars containing items for group members to vote and comment on;
  - an at least annual face-to-face meeting.

*Tommy McQuinn*