THE

SINGLE TAX REVIEW

A Record of the Progress of Single Tax and Tax Reform
Throughout the World.

THE PRESENT PROGRAMME AND STATUS OF THE SINGLE TAX REFORM.

(Continued)

(For the Review.)

By SCHUYLER ARNOLD

This article, which concludes in this issue, is perhaps the most important contribution to the history of the movement so far made. It should have a wide circulation, for it will be invaluable for reference in the future. Its publication in part in book form on its completion, with other matter comprising a Single Tax Year Book, is in contemplation.—Editor SINGLE TAX REVIEW.

CHAPTER IV

THE SINGLE TAX IN CANADA

The Single Tax movement in Canada, like that of Australia, is of great significance to us because of the similarity of economic conditions to those in the United States. The movement is not as old or as widespread as in Australasia, it being confined to the Western provinces of Alberta, Saskatchewan and British Columbia. It is here, as in no other place, that we can find a few examples of the "real" Single Tax, or at least the Single Tax in so far as nearly all the revenue is derived from the rental value of land.

With the exception of Ontario, there has been practically no agitation in the more eastern provinces. At the last meeting of the different Farmer Clubs and Grain Growers Societies of Ontario, the representatives from over 200 cities and townships asked the privilege of assessing improvements at a lower rate. So far, this has been denied them, but it is expected there will soon be a local option bill passed in the Province. However, since 1904, there has been no personal property taxed locally; it being substituted at that time by the Business Tax.

Of the western provinces, Manitoba, like Ontario, does not tax personal property, machinery, farm implements, etc., but in the realty tax, buildings

and improvements are assessed at only 60% of their selling value, while land is assessed at full value. There is also an extra tax on land called the "Wild Land Tax," Wild Land being unimproved land outside of the municipalities.

Like Manitoba, Saskatchewan has a Wild Land Tax, and no personal property tax; and prior to 1911 buildings and improvements were assessed at 60% of their value. But this province has gone a good deal further than Manitoba in allowing the exemption of improvements, at the option of the local taxation units. These units are divided into cities, villages, rural municipalities, large local improvement districts and small local improvement districts. The cities, of which the only four are Regina, Moose Jaw, Saskatchewan and Prince Albert, have over 5,000 population, and since the amendment of 1911 to the "City and Town Act," they are allowed to exempt buildings and improvements by a gradual reduction of 15% each year for four years, until a total exemption is reached, these improvements having been previously taxed at 60% of their value. All these cities have taken advantage of this privilege. The "Village Act" allows the village (50 persons on 460 acres or less, the area usually being 160 acres) to adopt what is known in the province as the Single Tax System, when it is shown that two-thirds of the rate payers desire it. By February, 1910, eleven out of the forty-five villages had adopted this system and more would have adopted it, but there was much objection on account of its exempting the large grain elevators. In the rural municipalities and small local improvement districts taxes are levied on lands only, irrespective of the improvements or the valuation. In the large local improvement districts the taxes are levied by the provincial government and they are also levied only on the land areas.

In the Province of Alberta, personal property is not taxed and the municipalities have the privilege of totally exempting improvements and buildings if two-thirds of the total number of rate payers desire it. This is rapidly becoming popular with the municipalities. If they decide to exempt improvements from the tax roll the minimum rate is to be 2 cents on the dollar, but otherwise it must not exceed 10 mills on the dollar. The two largest cities, Victoria and Edmonton, have adopted this system, the latter city being called "The Home of the Single Tax." This capital city of Alberta was chartered in 1904 with a population of 7,000, but it has now reached over 27,000, and the city has grown so rapidly and the rise of land values has been so phenomenal that many other social benefits claimed by this method of taxation have not been noticed, although it seems to tend toward a well built and compact city. This system has not been brought about by a landless electorate but by the votes of property owners, the requisite of eligibility being the ownership of property to the value of $200 or upwards. It is true of Edmonton, as of other cities adopting this system, that the tax rate is not excessive because the revenue is obtained largely from land instead of from land improvements, and it is lower in Edmonton than in many other places due to the exceedingly rapid growth. The rate is only 17 mills, the per capita

assessment being over $1,100. It is claimed that here the assessment value of land is nearer the selling value than in any other American city, unless it is New York. This is not true of the other Canadian cities relying on the land value tax.

The province which has gone the farthest with the Single Tax idea is British Columbia. In this province there are two distinct systems of tax administration, the Municipal and the Provincial. The Provincial taxes are a Wild Land Tax and Coal Land Tax of one and two per cent., a Timber Land Tax of 2% and the tax on unworked Crown-granted mineral claims of 25 cents per acre. From these taxes, homesteads and preemptions are completely exempt for two years and a $500 value exempt for a period of four years. It is claimed that the Wild Land Taxes have done much to prevent the large tracts of land being held very long for speculation, especially near the centers of population. About the only large tracts are lands held by the railroads, which were granted to them by way of subsidy. The Municipalities are entirely free from the Provincial tax and they are given a good deal of power in the levying of their local rates. They have the right to assess and tax any property and the improvements thereon and to impose and collect licenses and fix the rate of tax thereon and the fees payable, but they are restricted from levying a rate on the improvements of more than 50% of the assessed value, which, in this case, must be the cost value. This power, given by "An Act to Consolidate and Amend the Municipal Acts," passed April 18, 1881, differs from the power given municipalities of other provinces, in that in those of British Columbia the councils annually decide by by-law whether or not improvements shall be taxed and at what rate. Though this system is not a permanent one and the cities can revert to the taxation of improvements in any year, there has been no case where they have done so. The municipalities may also levy a Wild Land Tax not to exceed 4% of the assessed value. Only thirteen out of the forty municipalities used this Wild Land Tax for their vacant lots, the other cities assessing them as real property and at the same value as the adjoining land upon which there are improvements. In some of the municipalities, such as Chillewack, Sumerland, Bentitcon and Kilowana, they have adopted a pure Single Tax, there being no other tax levied but the tax on land values. As regards to these, Mr. C. H. Lugrin, in a speech at Victoria, February 4, 1912, says: "We will take Kilowana as an example. In Kilowana the area of assessable land is about 12 square miles. It has a system that is purely and simply Single Tax. There are no other taxes. That community owns its own electric lighting plant, and throughout that municipality wherever you go among the fruit farms you will find sidewalks laid down to the very doors of the farms. The country roads are lighted about as well as the city streets, where before we had the cluster lights, and in every house they have electric lights, while the water is laid on by a splendid system, and all these things are furnished to the people of this municipality at par cost. You will find

carriages in summer and sleighs in winter to bring the children to school who have to come from a distance. That is one of the municipalities in the province that has adopted Single Tax and it intends to stay by it. Some others have not gone so far. And who are the people who live in Kilowana? They are nearly all those who have made a success of their business affairs and have gone there to live. They are not radicals or faddists. They are plain, hard-headed business men. Whenever the question was asked, "Do you think you will ever depart from the principle of the Single Tax?" the invariable reply was, "We will never depart from it." "In the rural municipalities that have adopted this system of Single Tax there is no influence that could be brought to bear that could lead them to depart from it."*

The first district to adopt this principle was the rural municipality of North Vancouver, which has never levied any tax on improvements since obtaining its charter in 1891. Of course, it is not known whether this action was due in any extent to the influence of Henry George, but it is certain that the spreading of this principle has been due to some extent to the activities of the Henry George followers.

Of the many municipalities that have exempted improvements from taxation, the most important and most generally known is the City of Vancouver, with its population of 150,000. This is the largest city in the world that has succeeded in exempting all improvements from taxation. In 1896, Vancouver started this policy by a 50% exemption on improvements. This continued 10 years and was so successful that in 1906 it was increased to 75%, and in 1910 a total exemption was demanded by the people. In 1896 the rate was 22 mills and this rate has not been increased as yet, even though the improvements have been exempted. More than that, the land is not assessed at its full value, because the increase in land value has been so great that it is not necessary to assess it at full value in order to obtain the necessary revenue. From observing the relation of the 1911 selling value to the assessed value of 26 parcels of real estate of all kinds, the average selling value was 3 9-10 times the assessed value. This being the case, it cannot be expected that the social benefits claimed by the Single Taxers will be realized to any extent, because only a small increment of the rental value of land is taxed. Moreover, Vancouver obtains only about two-thirds of its revenue by this means, the remainder being licenses, etc.

Many of the Single Tax advocates have attempted to claim that Vancouver's prosperity is due to this exemption of improvements, and undoubtedly much can be attributed to this fact, but there are many other conditions that have helped to bring about this phenomenal growth and make it the metropolis of the Northwest. Vancouver has demonstrated that simply an exemption of improvements does not make any radical change in the social relations, but it seems to be the concensus of opinion of the inhabitants of Vancouver that it has helped a great deal to encourage the improving of land

*_The Public_, February 16, 1912.

and to discourage land speculation, and undoubtedly this is true. There seems to be very little dealing in land except for the purpose of improving, and of course there would be no incentive to land owners to boost their price of land abnormally, for this would only increase their taxes.* Thus the price of land tends to be kept somewhere near the point of its true value. It has not produced further congestion, as some people feared it might. This is shown by the fact that Vancouver has a larger percentage of owners of homes with good sized yards than almost any other city of its size, it usually being claimed that 75% of the wage earners own their own homes. However, as an attempt to get the unearned increment of land values, the tax has not realized the hopes of Single Taxers, and this is due to the rapid increase in the value of land under an extremely low rate of assessment.

CHAPTER V.

THE SINGLE TAX IN ENGLAND.

England has also recently taken some very marked steps in the development of the Single Tax idea, and these have attracted more attention than any phase of the movement elsewhere. This is because it has been a nation-wide movement and a radical challenging of the control of the landed classes, and because its accomplishment was based upon the recognition of Single Tax principles. It was this fight over the Budget of 1909–10 that forced the Single Tax doctrines on the attention of the United Kingdom, and stimulated agitation the world over. To appreciate the significance of this movement a short sketch of the history of England's revenue system will be of help, and it will also show in a general way the development of private property in land.

Under the old Roman regime the land of England was held in common and the revenue was raised in poll taxes, a tax upon cattle, etc. Later the division of land was made in return for military services. Other portions were held by certain nobles toward the upkeep of their offices and still other lands were rented out to individuals by the crown, while nearly one-fifth of the whole area was in the hands of the monasteries. The remainder was held in common as the property of the community and from this was derived much of the revenue. Thus, all land belonged to the sovereign for the people. Even the private estates retained certain marks of public character, being liable for military services, bridge repair, etc. This was called the Feudal System. There was a tax on this land according to the amount cultivated, and in 1085, under William I, there was made a valuation of all the lands in the kingdom. This was the famous Doomsday Book. Under Charles I, the Feudal System was done away with and the land turned over to the occupiers. By this act the taxation burden was increased and the Parliament, which was made up of land holders, in 1660 refused to substitute a land tax for the abolished military

*Mayor L. D. Taylor in SINGLE TAX REVIEW, March-April, 1911.

tenures. Instead of this they established as a permanency a whole system of excise duties, taxes on exports and imports, and a hearth tax, besides special taxes for various needs. Later, under the Tudors and Stuarts, the lands of the monasteries were parcelled out to the Protestant lords and the common lands were gradually absorbed by the neighboring estates.

In fear of public discontent, Parliament under William and Mary, imposed a land tax at the rate of 4s. in the £ upon the annual value of the land as laid down in the Doomsday Book. This was the beginning of the English Land Tax which was not until 1894 put upon the same basis with personal property, and with the Death Duties established by William Pitt in 1851. By 1845 this tax paid only one twenty-fifth of the total revenue, and in 1896 being still assessed according to the Doomsday Roll it had become a grevious and unjustly distributed burden. For instance, the tax realized in Liverpool was one thirty-sixth part of the penny on the present rental value, 2d. in Lancashire, 3½d. in Durham County, and 4s. in the agricultural part of Essex, or an average throughout the kingdom of about 4d. in the £ on the annual value.* To add to this inequality, in 1897 Parliament determined that the tax thus raised should be divided between the various counties and towns on the basis of the valuation then existing. In 1909 it turned into the Exchequer only £710,910.† Besides these there was in 1909 the inhabited House Duty, which levies a rate of from 2d. to 9d. in the £, according to annual value of the land, assessed with reference to the dwelling house which stands upon it, and the Landlord's Property Tax, which is an income tax chargeable under Schedule A, and is a tax on incomes from ownership of lands, houses, rent charges, etc. This gives a somewhat incomplete idea of the status of land in the politics of England and the odds that any land tax reform movement had to fight against.

No such reform movement reached the Government until 1901, when the Royal Commission on Local Taxation suggested a local site value on betterments of property. In 1904 and 1905, Trevelyan's bill with that aim passed the House of Commons by a considerable majority, but did not succed in passing the upper House. Again, in 1906, there was a substantial revision of nearly £4,000,000 yearly in favor of indirect taxes, and in the debates which accompanied the establishment of a substitute revenue there were numerous demands made for a tax on land values, but these suggestions were soon killed. Thus, land had managed to keep itself quite free from the burden of taxation. But with the beginning of the Twentieth Century, the Government began to realize that the time had come for political-social taxation. When the Liberals were returned to power in 1906 they took up tax reformation as their main task. Their three lines of advance were to be:

(1) A settled and continuous policy of reducing debt liabilities and of placing national obligations on a more satisfactory basis.

*Land Values and Taxation, by E. Adams. Page 73.
†Recent Developments in Taxation, by J. Watson Grice.

(2) A progressive increase of direct taxation with a few though impartial concessions to the indirect tax payer.

(3) An attempt to arrive at a more scientific and permanent relationship between national taxation for general purposes and local taxation for services mainly affecting the inhabitants of the various localities.

Their initial step in this direction was the famous Finance Act of 1909–10, more popularly known as Lloyd George's Budget.

This Budget proposed in general:

(1) Larger levies of some of the older taxes.
(2) A new system of valuation of land.
(3) Fresh subject matters of taxation.

The principal revisions of the old tax were (1) a small increase of tax on "unearned" incomes, (2) supertax imposed on incomes over £5,000, (3) estate duties increased on values over £5,000, and (4) increases on Settlement, Legacy, and Succession duties on Collaterals.

The new system of valuation was to be a complete assessment of all land in England. This was a very distinctive feature of the Act because no general survey had been made since the Domesday Book. Of course, there had been special valuations made on the capital value of land in particular instances, but there was no provision made for keeping a systematic report. In this valuation, land is regarded as having three possible strata, namely, (1) the site value itself, (2) the value due to the structure on it, (3) the value due to the minerals under it.

The fresh subject matter of taxation was a new series of taxes on land under the head of Land Value Duties. These duties were made of (1) Increment Value duty of 20% of the increment value over £400, to be paid on occasion of any transfer, (2) Revision Duty of 10% of the value of the benefit accruing to the lessor on the determination of any lease of land (excluding 21 years or less) not used for agricultural purposes, (3) Undeveloped Land Duty at the rate of ½d. in the £, on the capital value of undeveloped land, judged by the capacity to which it might be put, (4) Mineral Rights Duty at the rate of 1s. in the £, on a rental value of all rights to work mines with all mineral way leases.

Thus it is seen that this Finance Act contained the nucleus of an entirely different and more democratic policy. It was because the House of Lords recognized this as "the thin edge of the wedge" that they so vigorously opposed it, and it was only after audacious steps were taken that it finally received the Royal assent on April 29, 1910, after twelve months of continuous fighting led by Lloyd George.

The intentions of the Government in passing this bill were: (1) to establish an expanding revenue, (2) to relieve local rates on occupied property, also in a progressive scale, as one-half of the proceeds were destined originally for the aid of local authorities, (3) to bring land into the market, and by lowering

its price to make it more obtainable for public or private use and (4) to stimulate building, relieve over-crowding and promote employment.

The new tax is so small in proportion to the total revenue that any very conspicuous change in economic conditions cannot be looked for on its imposition. The land value duties are only 1-259th of the total revenue, and only 1-217th of the tax revenue. But still the opposition recognized in this the "thin edge of the wedge," and it was for this reason they fought it bitterly.

The land problem in England is a little different than in this country, due to the facts that most valuable land properties are in the urban districts, and that these values do not change as rapidly. However, whether or not it is due to the Budget of 1909–10, since that time much property has been changing hands and several large landowners have sold and many are contemplating the sale of parts of their holdings. The conditions of certain agricultural sections are said to be more encouraging than any time in thirty years. Mr. Skirrow, a London correspondent of the SINGLE TAX REVIEW, says in the November-December, 1910 issue, "From all parts of the country come reports of the breaking up and sale of the large estates, such as the Westerhall estate of nearly 20,000 acres, which has been in the family since 1200, the Buckhurst estate, which has been in the family since William the Conqueror, and Ludstone Hall estate in Shropshire County, with its moated 17th century manor house. This has been produced by the mere prospect of the tax."

Even if we may not agree with Mr. Skirrow that the Budget was the cause of this, we certainly must agree with him when he says that "The scheme has compelled the landlords to defend their privileges. It has wakened up the people and dispelled the apathy which has always been the greatest obstacle to progress. It is the Henry George men of Great Britain, through their Single Tax or Land Value Leagues, who have brought about the present encouraging state of affairs." It has virtually turned the country into a debating society on the subject of land values.

CHAPTER VI.

THE SINGLE TAX IN GERMANY.

Germany is another nation that is attempting to apply the Henry George idea, though the method of bringing it into effect is entirely different from that attempted elsewhere. It is this adaptability to a community without sacrifice of basic principles that is a test of the greatness of a truth. As is characteristic of all German activities, "The fight has been made largely through organization, and through an organization, at that, which has kept itself rigorously aloof from all affiliation with party politics.* In fact the very official attitude toward some of the important political questions of the day

*The Land Reform Movement in Germany, by G. I. Colbron.

which was taken by this Single Tax organization, called "Land Reform League" (Bund deutsche Bodenreformer) is often distressing to the more radical Single Taxers. The League is a large national organization of many thousand "corporate members." A "corporate member" is, in many cases, another society or a whole town or village represented by its administrative council. Such a method, of course, would not accomplish much in this country except in an educational way.

However, it is not due to the efforts of this league that the Naval Department, in the German Province of Kiaochow, China, made the first practical application of the principles of land value taxation to a country as a whole. It was introduced there in 1898 as a fiscal policy and it produced such favorable results as an object lesson, that, along with the work of the Land Reform League, widespread interest in this principle of taxation was aroused throughout Germany by the year 1905. The Land Reform League's interest in it, however, was as a social question and not as a fiscal policy.

Prior to 1893, local real estate taxes in Germany were assessed against the actual rental value of property, according to the English rating system, but in that year the Interior Department issued an order enabling the municipalities to assess land according to the selling value, as in the United States. Within a few years, 350 communities took advantage of this privilege. Prussia had gone even farther in her legislation on local taxation, giving the communes complete freedom as to the levying of the Unearned Increment Tax, such as was first adopted by two cities of Saxony in 1902. However, the first town to apply the name "Increment Tax" was Helbersdorf in 1903. One year afterward Frankfort-am-Main and Cologne established this tax, and up to the present, 625 other communities have followed; among them some of the most important cities of Germany.*

Though many of the circles have adopted it, the field has been mainly in the cities and urban towns—both large and small. It has found more favor in the larger and more rapidly growing places. The increasing acceptance of the tax has been greatly aided by the fact that the German communities enjoy almost complete Home Rule; municipal administration has nothing to do with politics. This Unearned Increment tax, called by our German friends "Wertzuwachssteuer," is not exactly the Single Tax, although it partakes of the Single Tax character in appropriating a portion of the social value given to land by the growth of population. It is the necessity of adapting the principle to the German conditions that has forced them to approach the problem differently. The causes necessitating this difference of approach are stated in an editorial by Joseph Dana Miller, in the SINGLE TAX REVIEW of March-April, 1912, as "(1) The national temperament; (2) The predominant political tendency of the Germans to lean upon the State, and, (3) The laws and institutions, many of them old Teutonic survivals, which make more difficult sweeping changes in land and tax laws, and in a great measure, encourage and

*The American City, January 15, 1912.

sometimes force the German Single Taxers in the direction they have taken." Another circumstance that they have had to deal with, is the mortgage situation. The largest part of Germany's real estate has been heavily mortgaged under very complicated mortgage laws.

It was only four years after the first city adopted the Increment Tax that all factions of the Reichstag expressed themselves favorably upon the general principles involved; but action was postponed for a more thorough consideration. After an exhaustive study of about three years, the Imperial Increment Tax Law was passed, on February 14, 1911. At this time about 600 cities with a total population of about 15,000,000 were administering some form of Increment Tax, but, of course, being applied to each locality independently of the other, the ordinances, methods and rate differed a good deal. These differences were all unified when the Imperial Tax Bill took effect on April 1, 1911, because the bill repealed all local ordinances.

The Imperial Tax is a tax on the increased value of land as determined when sales are made. That is, "The difference between the cost price and the selling price is to be considered the tangible increment."* The tax is imposed on the increment in value, which has taken place without the agency of the owner, and levied at the time of the transfer of the ownership of the property in accordance with the conditions laid down in the Law. Though this is not primarily a tax on the transfer of real estate, it must operate as such and exempt land that is not sold, no matter what its increase in value. Of course, this necessitates a very detailed and complete statement of what constitutes a taxable transfer. In general, this includes every sale or transfer, except in such instances as the following:

(1) "In the case of transfer on account of death or by gift, providing such gift is not made for the purpose of evading the tax."

(2) "In the case of contracts of co-heirs for the purpose of settling an estate."

(3) "In the case of exchange of parcels of real estate for the purpose of uniting properties for regulating boundaries and so forth."†

"If the sales price, or in case of only partial transfer, the total value of the property is not more than 20,000 marks in the case of improved property, or not more than 5,000 marks in the case of unimproved property, there shall be no tax."

"But there shall be no freedom from taxation when the grantor or his wife (her husband) has had an income of more than 2,000 marks during the year preceding such transfer, or when the grantor deals professionally in real estate."‡ For the determination of the tax, the three chief factors are, the purchase price, permanent improvements, and selling price.

The purchasing price is the amount paid at the acquisition of the real

*Digest of the Inc. Tax Law, by M. H. Haertel, Sec. 8.
†Ibid. Sec. 7
‡Ibid.

estate, but "if the acquirement of the real estate is based on an untaxable transaction, the calculation is to be based on the price at the time of the last preceding taxable transaction. If the last preceding taxable transaction has occurred more than forty years before the tax requirement went into force, then that value shall be considered the price of acquirement, which the real estate possessed forty years before the tax requirement went into force. If the acquirement determining the increment has taken place before January 1, 1885, the price is displaced by the value which the real estate had at the time."* To the cost price thus obtained there are added the following items:

(1) In case the value is determined by the purchasing price, 4% of this price is added to cover the cost of purchasing, and whatever more the grantor shall prove that he expended as cost of acquisition.

(2) The proven amount lost by the grantor holding liens on the property purchased at compulsory auction.

(3) 2½% of the amount of the purchase price and the addition shall be added annually.

Of this increased amount 2% is added in the case of uncultivated real estate, and 1½% in the case of cultivated real estate. Except if the period of the tax is not more than 5 years, the addition in the case of the uncultivated real estate is to be reduced by ½%.

Realizing that permanent improvements made by the owner contribute a certain amount to the value of the property, allowances for such augmentation are made. This involves many complications and they are treated very much in detail in the law, but I will give only the more general allowances, which will serve to illustrate the trend of the law. In fact, to give in detail all the points treated in the bill is not necessary in this paper. After the additions referred to in the previous paragraph have been made to the purchasing price, there is also added the costs of buildings, alterations, and other special permanent improvements, etc., that have been incurred during the period of time determining the tax, and which do not serve for the maintenance of structures, or for the current utilization of such real estate, in so far as such structures and improvements are still present. In addition 5%, or if the grantor is a building contractor or laborer, and was himself the builder, 15% of the added value is to be added to the sum. This permission, however, does not apply if the builder is a society in the meaning of the code of commercial law, or a society which does not consist exclusively of building contractors or laborers. Amounts that are provided by insurance, in case such amounts have been used for the restoration of buildings which have been erected before the period fixing the amount of the tax, are not to be considered as expenses in the sense of this provision." Another noteworthy addition made is for "the costs of services for, and contributions to the building of

*Digest of the Inc. Tax Law, by M. H. Haertel, Secs. 1 and 17.

highways, and other means of transportation, inclusive of drainage, also contributions to other public improvements which were made without corresponding counter service or payment, in so far as they have been made within the time fixing the tax." Four per cent. of the amount of such cost is added annually, but not to exceed 15 years.

The next important element in determining the taxable increment is the selling price, and to it are added a couple of very significant concessions. Besides the costs of sale and transfer there is deducted the "amount by which it can be proven that the annual income obtained from the real estate was less than 3% of the cost price, plus the additions permitted,* and it is to apply for not more than fifteen consecutive years. If it is the value at a later date than that of acquirement that is used, then the cost price shall be used. The other concession is that "to the selling price is to be added compensation for a decrease in value of the real estate insofar as the claim has developed during the period after January, 1911, determining the tax, and if it can be proven that the amount has not been used for compensating for such decrease in value."† It will be noticed that this is the only proposal which takes any cognizance of a possible decrement in value.

The tax is "10% in an increment of not more than 10% of the amount which is composed of the price of acquirement and the additions and subtractions from the same," and it gradually increases up to 30% in an increment of more than 290%. There is an allowance made in case the property is transferred back to the original owner, the tax being remitted if the property is retransferred within two years after the sale. In this case the transaction is considered as not having taken place within the meaning of the law.

In the question of whether the percentage of profit should be reckoned by comparison with the purchase price or the selling price, the landlords gained a point over the Single Taxers by securing the privilege of computing the percentage of profit by comparing with the selling price. This makes quite a big difference in their favor.

Of the amount collected by this tax, 50% goes to the Empire, 10% to the State governments as costs for administering the law, which is entirely in their hands, subject to Imperial supervision, and 40% goes to the municipality or other local government corporation. However, there are some concessions made to communities that have passed an unearned increment taxation ordinance prior to April 1, 1909, and to take effect January 1, 1911.

Many of the local governments which were already using an increment tax, objected to the law because the Imperial government took so much of the revenue. The Government met this objection with the claim that much of the land value was created by the protection which the Government gave them. However, the cities have the power, with the consent of the State, to add local levies on their own account not to exceed the amount due the city

* Digest of German Incr. Tax Law, trans by Mr. M. H. Haertel, 1911, par. 22 and 23.
† Ibid.

by the Imperial Government. But the sum of the two taxes must not take more than 30% of the increment.

The tax is expected to yield about 10,000,000 marks a year, and a Stamp Tax of that amount has been dropped. There is some doubt as to its doing this because the administrative provisions are so complicated that there will be much cost and litigation connected with it. A question arises at this point as to how far the complexity of unearned increment taxation is inherent in the nature of the subject itself.

Though this Law is one of the largest and most significant practical applications of the Single Tax idea that has ever been attempted, the tax reformers lament that it has "simply cut its milk teeth."

THE END

NOTES FROM NEW SOUTH WALES

(*For the Review.*)

By A. G. HUIE

It is some time since I forwarded any notes to the REVIEW. Not that there is any disinclination to do so, but there is plenty to do here in New South Wales. Since the death of Mr. Fels the way of all Single Tax Leagues has become considerably harder, and we are no exception to the general rule. However, I want to supply a few particulars about what has been done recently, what is being done, and what it is proposed to do in the near future.

This year our suburban and country municipalities and shires imposed their rates on land values only, with a very few exceptions. The revenue received from this source steadily increases with the growth of population. Some of the Councils of their own accord, without the compelling power of a poll, are fully adopting rating on unimproved values. The thing is such a conspicuous success that it cannot be ignored. When I read of the big efforts being made in various states of America to get local option in taxation I wonder at the comparative ease with which we secured this reform in New South Wales.

The above applies throughout the State with the exception of the "City" portion of Sydney. The City is the bad case here. It has two rates, one on the unimproved land value, which raises rather more than one-third of the City rate revenue, and one on the assessed annual value, which raises the remainder. The City Council has power to raise all revenue from land values, but the safeguard of a poll of the ratepayers if it failed to do so, was not included in the City Act. So we are at the mercy of the Council in this matter. The State Labor Government which has always professed to support taxation