

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

of land values, has so far been a stumbling block in the way of the City taxation of land values. Latterly it has become more reasonable and has declared that land value taxation for the City will not mean any loss of City revenue so far as the Government is concerned. Having that assurance reformers in the Council sought to get rating on unimproved values both last year and also this year. On each occasion they lost by a majority of two votes. We thoroughly scared the "Old Brigade" in the City Council this year, and the general opinion is that the adoption of the new principle in its entirety for the City cannot be much longer delayed. One result of the decision to continue the old system for another year is that we have entered upon a campaign of education with a view to the City elections in December, when a strong effort will be made to defeat some of the present reactionary aldermen.

There are three bills promised in the coming session of the State Parliament which are of special interest to us. First the Amending Local Government Bill. This Bill does not affect the position so far as rating on unimproved values is concerned to any great extent. We have thought it well, however, to make representations to the Government with a view to strengthening the position. The Political Labor League Conference has carried an opportune resolution in favor of all rates being imposed on land values. We hope, therefore, to see the Bill amended making land value taxation mandatory for raising local revenue. This will not make very much difference as most of the Councils rate on unimproved values now, but it will finally settle the matter definitely for all time. This Local Government Bill unfortunately contains a number of proposals for extending the operations of Councils. They are empowered to enter upon all sorts of trading ventures in spite of the rather serious failures hitherto experienced along such lines in this country. In some districts no doubt advantage will be taken of these provisions, if they are passed into law, because the Socialist propaganda has prepared a good many people for experiments and only bitter experience will show them the error of their ways.

The second Bill is to provide for State valuation of all lands. At the present time each local governing body makes its own assessments of land values for the purpose of imposing its rates. The Government is also constantly making valuations for resumptions, closer settlement, the imposition of probate taxes, and so on. The idea of the Valuation Bill is to have one valuation for all public purposes. It is sought to secure a true valuation by balancing the desire of the ratepayer to have his land valued as low as possible for taxation and as high as possible in the event of resumption. The State Department will simplify matters and provide a basis for taxation much superior to the present. It is a matter of common knowledge that many of our lands are seriously undervalued. This will be understood when I point out that the average value per head of the population in New South Wales is about £100, while in New Zealand where they have a State Valuation Department it is nearly £200 per head of the population.

The third Bill in which we are interested is the Greater Sydney Bill. It is proposed by means of this measure to establish a Greater Sydney Council which will take the place of the Sydney City Council and nearer suburban Councils, and will exercise a limited control over the outer suburban areas. It has been stated by Ministers that this Bill is going to pass. The Greater Sydney Council for the Inner Zone will have 28 aldermen and for the Outer Zone 7 aldermen, total 35. They will be elected from five wards returning seven aldermen each by means of proportional representation. This is the first proposed definite adoption of this modern method of elections in New South Wales, and in my opinion it is one of the best features in the Bill. There is no doubt that if the Bill is passed the only basis of taxation will be unimproved land values. That will settle the pretensions of the "old Brigade" in the City Council once for all. Of course the Bill may not pass, so we are not taking any risks but are pushing on with our campaign for rating on unimproved values in the City.

No doubt your readers have from time to time heard of the graduated land tax in Australia. Every now and then figures have been published showing sales of large areas of taxable lands as the result of the imposition of this tax. No doubt those land reformers who have read these statements have thought what a splendid thing this graduated land tax is. The other day Senator Grant obtained a return showing the number of land owners and the land values assessed for the first three years after the tax came into operation. I am publishing the return in the next number of our journal *The Standard*. It shows that while the number of large landowners has increased, the values of land held by them are almost unchanged. The sales of land only refer to a readjustment among the big landowners themselves, and do not represent sales of land for genuine settlement purposes. As the tax does not apply where land is only of £5,000 value it has no effect in reducing the price of land and enabling the poor man to get a piece for himself. As a means of solving the land problem the thing is a rank failure. It is of no use to the poor man.

All this of course was pointed out by us long ago, but the so-called champions of labor refused to take any notice. They simply went blundering along with this thing which is of no practical value in solving the land problem. At the last Federal Labor Conference, when the policy of the party was determined, an effort was made to get rid of the exemption, but without success. I understand that a similar effort will be made again this month. It may meet with success on this occasion, as the demands for revenue are very great on account of the war, and reluctantly the Conference may feel inclined to get some of it by abolishing or reducing the exemption.

There is one form of land-using in this country which illustrates very clearly, not only the failure of the graduated land tax, but also the failure of land administration by the State generally. There has been a great increase in what is called "share-farming." A big landowner finds himself in this

position, that it is inconvenient, or he does not feel inclined to efficiently use his land, so he makes an arrangement with farmers to temporarily occupy portions in return for half the crop. In a fair season this means a very excessive rent. Some of them are not quite so hard and are satisfied with a third of the crop, but even in these cases the rent is excessive. In 1913 the latest official figures at my disposal show that over a million acres were cultivated in this way—over 20% of the total area. This method of farming is comparatively recent. It is a very undesirable development. It shows the desperate land hunger of people who will enter into bargains of this kind in order to get land to use. It must not be thought that there is any scarcity of land in N. S. W. We have millions and millions of acres of it. We have been to great pains constructing railways to open it up, and yet at the present time over two thousand miles of these railways are run at a loss simply because the land thus opened up is not efficiently used. We are spending millions building more railways which will also be run at a loss for the same reason. Of course the construction of these railways enormously adds to the value of land which is inefficiently used by the landowner without protest from the State. We are rapidly reaching the time when we will not be able to borrow because we have borrowed so much. For years I have sought to show the public that when money is borrowed for public works which enhance the value of land, then the interest on the borrowed money should be a charge on the value of land.

The people here of course are taking more interest in the war than anything else at the present time. That will continue until the grave issues involved have been definitely settled. The war has upset everything. In addition to our troubles from this source there has been a disastrous drought in the central and western portions of this State, and also in large areas of other States. The losses of stock have been considerable. Happily the drought appears to have broken as good rains have recently fallen in the drought-afflicted areas. The effect, however, has been very serious. Australia had less than half the usual crop of wheat and consequently the price has risen. We are actually importing wheat to keep going until next harvest. Usually we have a large surplus for export.

One of the results of the combined effects of war and drought has been a price-fixing campaign on the part of various State Governments, especially N. S. W. The Government stepped in and declared that all the wheat in the State belonged to it and the price to the millers was to be 5s. 6d. a bushel. That was considerably less than the natural price or market value this year. Of course there was a terrible fuss about it. The Government, however, did not trouble much about that. It is composed of Socialists, and it proceeded to regulate prices in many other directions as well. It fixed prices for fodder, butter, sugar and other commodities. I will just mention some of the little difficulties which have arisen and which will make more trouble in the future. When the price of hay and chaff was fixed bona fide sales at

auction became a thing of the past. When the fodder arrived it was privately sold, at the stipulated price, of course, but sold to favorites. The farmer, however, was not going to take all this without protest. When he had oaten hay, for instance, instead of cutting it into chaff and forwarding it as he would have done, he threshed out the oats and forwarded the straw after he had cut it into chaff. All sorts of expedients were resorted to with the object of getting as much as the market would naturally yield to the producer. They stopped the export of butter from N. S. W. and fixed the price. But those who did it never thought that the same regulation should apply to cream. So instead of exporting butter to Victoria they started to export cream, and the authorities apparently have not yet discovered it. The price of sugar was also fixed. While Australia was producing as much sugar as the people required the price-fixers thought they were doing splendidly. The sugar grower of course was protesting, but he was quite helpless. Latterly, however, the season turned very unfavorable for sugar with the result that there will be a serious shortage at a comparatively early date. Under other circumstances the sugar refiners would have got their supplies from abroad and the public would have heard little or nothing about it, but as the price was fixed this could only be done at a serious loss, so they declined to do business. The whole thing has become a veritable tangle which the "Necessary Commodities Commission" is trying desperately to unravel at the present time. This price-fixing business is worth watching, in fact is worth a lot of looking into if one could spare the time.

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Several months ago I received a new book from the United States, "The Tariff, What It Is, How It Works, Whom It Benefits," by Lee Francis Lybarger, of Pennsylvania. This is an excellent book. It shows very clearly indeed the unjust character of the Protectionist policy and incidentally the great work of President Wilson in cutting down the pernicious American tariff. I hope that President Wilson will be able to continue in power for a second term so that his policy will get something like a fair trial. We are seriously afflicted with this curse of Protection in Australia. Recently the tariff was again increased. The Labor Party vies with the capitalist in its professed anxiety to "protect" the worker. The worker is all the time complaining about the high prices of goods and high rents of houses, but he never seems to think of the real causes of this condition. In fact he apparently does not think at all, and is satisfied to let the Political Labor Party attend to all his political business. The general effect of protection in Australia is of a most pernicious character. Instead of cultivating our natural and primary industries which pay of themselves we are fostering hot-house concerns in the cities. The drift of population is to the cities instead of from them. The community is becoming more and more ill-balanced. The disparity between the richest and poorest is widening as in the U. S. A. In fact we are copying the American rather than the British example.

All the economic follies of America are being copied here in Australia. How it is that persons claiming to represent labor can be guilty of such wrongs passes my comprehension. Many people say that this wave of protection will have to spend itself. If this policy and its effects could only be confined to those who support it, it would soon be upset, but the unfortunate part of the business is that it drags the community down with it.

Our system of Local Taxation on Land Values has greatly stimulated the use of land in our municipalities and shires, producing in fact all the benefits which we claimed for it. But the taxation of land values does not get the credit which is naturally due to it. As there is a Federal Protectionist Tariff in operation the measure of prosperity which we have had has been credited as an effect of the tariff. The tariff has been only a hindrance to us, but those who profit by it have falsely ascribed to it the effects of land-value taxation and also the effects of high prices in the world's markets for our primary products, which are unprotected. This largely explains the hold of this pernicious policy in Australia at the present time. It gets credit that does not belong to it. Land-Values taxation consequently is not boomed as it should be because its benefits are claimed as the results of other and really harmful policies.

Labor in politics in Australia is after all a sort of watered-down Toryism. It is not based upon the fundamental principles of the rights of labor. As Henry George pointed out all that labor needs is freedom. It does not want charity. Restriction only hampers it. Free access to the natural resources is the only way to secure justice for those who work. A labor policy based upon such ideals would be the best policy in the world. Our Labor Party, however, is simply an ordinary political party which has taken a title of a most catchy character, and in that way the public has been completely fooled. I do not want it to be understood that I think that the party opposed to the Labor Party would be any better. With its present policy and leadership it would not; but I am quite satisfied of this, that had not the Labor Party come into existence in Australia our progress would have been upon sounder lines. As it is the Labor Party appears to be the least objectionable at the present time. I hope that parties opposed to it will improve their policies and personnel to some extent, and then we will have better prospects of making progress. They cannot expect to regain power until they do. However, we are not so much concerned with parties as with principles. We must advocate them all the time as far as possible, irrespective of parties, merely taking advantage of this party or that when it proposes to do something to further those principles.

“We have a belief that poverty can be abolished by conforming human laws and institutions to the great principles of equal justice. And having this faith, and having this belief, we have a destiny. That destiny is to abolish poverty, and, in doing so, to fire a beacon that will light the whole world.”—HENRY GEORGE.