

ings under certain conditions. The value of the lots must be ascertained at least every five years, and a special tax is put on the unearned increment. In country districts also the unearned increment of land is separately taxed wherever such increment appears.

GERMANY.

German Single Taxers held their 18th annual re-union in April at Stuttgart, which is called a complete success in the *Bodenreformer* of May 5th. That city contributed 400 marks to the expenses of the meeting. Officers of the empire were present in extraordinarily large numbers. The public meetings were attended by audiences larger than ever before, and the press in general gave good reports.

As showing the growing importance of the movement the financial report is a good barometer. In 1897 the treasurer of the association reported 1257 marks on hand, but in 1907 this had risen to 27,624 marks, every year showing an increase.

"It is gratifying," says Mr. Damaske "that house owners as such begin to look with a friendly eye toward the Single Tax."

I cannot refrain from mentioning the list of those Single Taxers who died in harness. Among these is Karl Wedemeyer, who attended to the collecting of the dues of members in Berlin up to the time when the receipts amounted to 3,000 marks and who was considered the prop and mainstay of the S. T. organization, and who felt delighted in his 81st year that he had saved from his meagre pension one hundred marks for which to buy a life membership certificate in the German Single Tax Society.

In the city of Cologne where they had already a kind of land-value tax, the city council adopted a law that the difference between the amount of value that a piece of land sells for and its value on the tax duplicate, is to go into the public treasury, deducting any improvement cost like paving, sewer and side-walks. The result was that the next day two hundred lot owners came to the tax office and asked to have their assessments raised! For if a site worth \$1,000 is assessed at only \$100 the city gets

\$900 at sale. If raised to its full value the city gets the tax on \$1,000 instead of \$100. Thus the landlord is caught coming and going.

F. BURGENDORFF.

LOCAL TAXATION ON LAND VALUES IN NEW SOUTH WALES.

(For the Review.)

BY A. G. HUIE, HON. SEC. SYDNEY SINGLE
TAX LEAGUE.

My purpose is to try and place before your readers some idea of the remarkable success which has attended the movement to tax land values in the State of New South Wales—the Premier State of the Commonwealth of Australia. It is already generally known that the ex-Premier, the Hon. J. H. Carruthers, piloted a Local Government Act through Parliament which contained the power to tax land values only for all local purposes. As that power was to some extent optional, it became a matter for the rate payers to settle for themselves. Everything was in our favor; the old system of electing one third of the aldermen annually had been abolished. If the council that was elected proved hostile, we could, with some minor exceptions, demand a poll of the ratepayers to decide how the rates should be imposed. That was the prospect which was before us some four or five months prior to the municipal elections on the 1st of February, 1908.

Now there are many people who heartily endorse the principle of municipal rating on the unimproved value of land, who are not willing to be connected with the Single Tax movement. The adherence of these people was wanted, so there came into existence a Rating on Unimproved Values League. The principal offices were filled as follows: Patron, the Rt. Hon. Thomas Hughes, Lord Mayor of Sydney, president, Mr. J. B. Magney, Hon. Sec. W. S. Lloyd, Org. Sec. A. G. Huie, Hon. Treas. J. R. Firth. The first three are very good men but not Single Taxers. The actual work of conducting the campaign however to a very large extent devolved upon Mr. Firth and myself. There were 191 municipali-

ties to deal with, and very little money to work on. Two general lines were adopted, first forming branches of the League and selecting candidates wherever possible, second supplying matter to the press of the country and writing in reply to hostile criticism where necessary.

The general results of this campaign were highly satisfactory. The meetings to form branches and addresses delivered aroused public interest and attention, but did not stir the owners of vacant land and slums to make a move against us. They are bewailing now on account of their lost opportunities. Let me give one example. Reformers at Rockdale invited me to give an address to explain the rating provisions of the act with a view to forming a branch of the League. The branch was formed with Ald. H. Broe as president. Shortly afterwards the Mayor, Ald. Taylor, wrote a minute favoring a dual rate, that is, to impose part of the rates on the value of the land only and the balance on the improved value, the improved value being the value of the land and improvements together. This could not bind the new council, but it was significant for all that. The local League proceeded to select candidates. There was a rush to get in out of the wet, and the Mayor found that he was in serious danger of losing his seat. He was equal to the situation; he climbed down. Two of the old aldermen, one of them being the deputy Mayor and the other the president of the Sidney Chamber of Manufacturers, stood out, and were defeated. We won the whole of the nine contested seats. Taylor was re-elected Mayor and a rate of $3\frac{1}{4}$ d. in the pound on unimproved values only for all requirements was imposed in due course.

The work of forming branches was confined mainly to the Sydney suburbs. I wrote circular letters for the country papers, sending one at intervals of a week or ten days to 100 papers, one in each town or suburb. These were generally published and made the issue plain. We had invitations from the country for speakers but could not send them. The moral effect of our work was excellent. It encouraged those who favored reform, it brought rail sitters down on the right side of the fence.

The elections over, the next step was

for the new councils to put the machinery of the new act in operation. The first Council to rate on land values only was the little country town of Warren. It imposed one general rate of 5d. in the pound. Up to the time of writing, 147 councils have rated solely on land values, 26 have rates partly on improved values, but fully three fourths of their revenue will be from land values, and the balance from improvements. I have no information as to the remainder, but no doubt the proportion rating on absolutely sound principles will be maintained.

That 147 however includes seven which sought to rate partly on improvements. As I have explained, an option to rate partly on improvements was allowed to the local people. The Act stipulated that not less than one penny in the pound must be on land values, the local people had a free hand as to how they should be rated for the balance required. The policy of the Act however favored our view of the question in several ways. For instance Crown land in use for public schools, police stations, fire stations, court houses and so on were ratable, but only on the unimproved value. The Crown was exempt under the old Act; under the new it pays rates, but insists that its improvements shall be exempt. So that if a council—like Waverley did—proposed to put 2d. on land values, and $\frac{7}{8}$ d. on improved values, it was really putting $2\frac{7}{8}$ d. on land values and $\frac{7}{8}$ d. on improvements. That $\frac{7}{8}$ d. would be payable on the improvements belonging to private individuals but not on the improvements belonging to the State Government. With one rate of $4\frac{1}{4}$ d. on unimproved values, every ratepayer, including the State Government, is on the same footing and pays according to the value of his land. Then one rate largely reduces the book-keeping necessary and simplifies municipal finance. Again one rate cannot be subject to a demand for a poll by the ratepayers. These and other features of the Act made the straight way easy, and were a great assistance in establishing the new system. They show the prescience of Mr. Carruthers when dealing with the question.

Let me now describe the contest in Waverley. It will illustrate the powers

possessed by ratepayers and how they may be used. The Waverley Council proposed, by a majority of 10 to 2, to impose a general rate of 2d. on the additional general rate of unimproved value and $\frac{7}{8}$ d. on improved values. When a council proposes an additional general rate—whether on unimproved or improved values, it must give 14 days notice of its intention. During that time 100 ratepayers may demand a poll in writing. The council did not notify its intention properly, so I saw one of the friendly aldermen and that was fixed up. Waverley is one of the best of the 40 suburbs of Sydney, but from one point of view it was a bad place to deal with. Alderman Parkhill told me that there was not 100 people in favor of rating land values only. I had to go round and get most of the signatures to the requisition myself, but we got 167. Then we got out a leaflet and had eight open air meetings. The other side was active and made such a showing that I was afraid of the result. When the numbers were announced we won by 413 to 333. We had to go to the ratepayers and ask them to vote for $4\frac{1}{4}$ d. in the pound on land values, as that was the equivalent of the Council's proposals. That fact shows the strength of the public feeling when aroused on this question. The utmost influence of 10 of the 12 aldermen was used against us in vain. In the other places where polls were taken the local people got the necessary signatures to the requisition, and we gave as much help as we could and won them all. Alexandria was won by 221 to 50, Woollahra 271 to 171, Mosmon 388 to 84, Randwick 322 to 248, Liverpool 169 to 20 and Wickham 222 to 39.

The Act provides power to enable councils to impose a special or local or loan rate for a specific purpose. If such a rate is merely to continue an existing service at the commencement of the Act it is not subject to review of the taxpayers, the council may impose it on unimproved or improved values as it thinks fit. But on all new proposals, whether for a special service, or a local service of any kind, or a proposal to borrow money, the ratepayers may demand a poll, when they have the power to vote, first as to whether they want the service, second as to whether the rate

shall be on unimproved or improved values. In the case of a loan permission to borrow must first be obtained from the Local Government Branch of the Public Works Department, then a poll must be taken, the loan rate is to provide interest and sinking fund. Only one poll under these provisions has been taken so far. It was on a special rate for lighting at Broken Hill. On the first question as to whether they would have the service there were 345 votes for, and 350 against, so it was defeated by 5 votes. The vote as to the incidence of the rate however was 421 for unimproved values and 266 for improved values. While the ratepayers were very evenly divided as to the wisdom of having the service there was no doubt as to how the rate should be imposed if it was approved.

I have already pointed out that 26 councils are rating partly on improved values. No poll was demanded, although it could have been done in most cases if there had been any one to take the matter up. With two exceptions they are country centres. In fourteen instances the improved value rate does not exceed a $\frac{1}{2}$ d. in the pound. In only two cases does it exceed a 1d. Of course, any rate on improved values is a blot, but when we consider that the whole system in every centre last year was a blot the change this year amounts to a revolution.

Although I have tried hard to get information it will not be possible to give a complete summary of results until the official figures are published. It is simply impossible for an outsider to get particulars for some of the country centres. I can however give the REVIEW readers some idea of the position in the 40 suburbs of Sydney. They cover an area of 88,340 acres, with a population of 430,000 and the land is valued at say £25,000,000. The average general rate on unimproved values is nearly $3\frac{1}{2}$ d. in the pound. It should produce say £350,000 this year as against £275,000 paid last year. There are two small blots in the Sydney suburbs, one is a small local rate of a $\frac{1}{4}$ d. and the other is an additional general rate also of a $\frac{1}{4}$ d. The amount of revenue which will be raised from improvements in all will not exceed £800. These

figures show the completeness of the victory. No doubt if the limits of time, space and money had permitted a poll could have been successfully demanded in various country centres. It should be noted however, that even in those cases, taking the 26 together, more than three fourths of their revenue will be from land values.

It may be asked of me, can you give us any idea of how ratepayers are affected individually? It is rather early to do that for several reasons. The Act gives ratepayers who think that their land has been overvalued the right to appeal. Most of the Appeal Courts have yet to sit. Then there are several considerations which make a comparison difficult, unless you can get hold of the actual ratepayer and get the correct particulars. Where the land is less than £240 in value the rates last year and this year can be readily obtained at Council Chambers, but in most cases even that will not give a true comparison. The old Act hampered the operations of Councils. Now they have wider powers and need a larger revenue to exercise them. One suburban council, for instance, is raising more than double last year's revenue. Clearly it is impossible in such a case to show what the change really means. Then again there was a State land tax of one penny in the pound collected by the State Government. Last year the Sydney suburbs contributed £50,113 in this way (that £50,113 is included in the item £275,000 mentioned in the previous paragraph). There was an exemption of £240 and exemptions in respect to mortgages, under the State Land Tax Act. There are no exemptions under the Local Government Act. Further, the councils have made a new valuation of the land in nearly all cases. While the new valuation is obtainable the old is practically unattainable. It is quite safe to say however that about 60 per cent of the ratepayers are paying lower rates in spite of the fact that largely increased revenues are being generally raised. Many owners of homes are paying less than half the amounts paid last year. The most startling reduction that has come under my notice was from £10 2s 6d to 10s 5d. That was the case of man carrying on an

industry on land of little value and he had been outrageously rated in the past.

Our opponents have been making something of the astounding increases in the rates in some cases. For instance one man's rates were said to have gone up from £6 3s. to £8 3s. It is quite true that his rates last year on that property—it is only one of his properties, too—were only £6 3s. and that he will be billed for £8 3s this year. But that statement is entirely misleading. He paid State land tax last year but this year it is included in the rate. The amount he paid as land tax is not available, so a correct comparison is simply out of the question. The reader, however, can see that the increase is very substantial. The rate in that suburb is 4d. in the pound. There are a number of cases like that. The same difficulty is experienced in getting at the payments where important industries are being carried on. Broadly speaking in spite of the largely increased revenues being raised those who are effectively using their land will pay lower rates, while there are increases, and some big increases too, where land is idle, or put to inferior use.

Whenever a demand is made for a poll of the ratepayers, it can only be made by owners of ratable land. They only have the right to vote at the poll. Occupiers have the right to vote in the election of aldermen but when it comes to deciding what shall be the basis for a rate by a Referendum vote landowners only can vote. That is a significant fact which should be noted. No doubt the landless public would usually vote for land value taxation at a referendum. If the landless could vote they would get the credit of insisting upon the taxation of land values. It is however a case of the landowner who uses his fund against the speculator. All landowners whether large or small have one vote at a poll.

I thought it was right when the campaign was practically complete to write to the press to point out the measure of success which had attended our efforts. I sent it to the two leading papers (both opposed to us) published in the State; one put it in, the other did not. The latter journal, however, made it the text for an article in

its leading columns. Some extracts from it will probably be more interesting than anything I could say on the subject. The paper referred to is the *Sydney Morning Herald*. On the 13th of May under the heading of "Municipal Taxation," it says:—"When the extreme land value taxers amongst us claim that their cause has just achieved an overwhelming victory they make no idle boast. Broadly speaking the whole suburban Sydney, covering some forty municipalities, has decided to throw the main burden of local taxation upon unimproved land values. That there should be general endorsement by such a number of municipalities, widely diversified in local conditions, of any given line of policy, would be testimony either to the peculiarly alluring character of the policy itself, or to the campaigning energy and persuasiveness of its advocates. In this case it is testimony to both. The Georgian doctrine of unimproved land value taxation has always made a powerful appeal to the man who does not own land, (as explained he could not vote) and also because it appeared to furnish a method of making the "big" man carry the big burden, it found favor in the eyes of the small improved allotment holder. But perhaps even this large body of prepossessed opinion might not have been ultimately effective were it not that it was organized, cajoled and implored by the members of the Single Tax priesthood to whom the utmost taxation of land values is not merely a matter of economic expediency, but a religion. The significance of their achievement will be more completely grasped when it is reflected that Mr. Reid after a mighty struggle succeeded in imposing an unimproved value tax of only one penny in the pound for general government purposes, whereas under the new law there is not a single metropolitan municipality that does not propose double that rate, the majority impose more than treble, and in at least one case five times as much."

A. G. HUIE.

New South Wales, Aus.

HENRY George is coming into his own at last. Only the beneficiaries of privilege

revile his memory. Thoughtful persons, who are not blinded by privilege, see that Henry George was in good sooth a prophet, and that he rescued political economy from the "dismal" sciences and made it a living and a beautiful thing. George was one of the great men of the Nineteenth Century. And it will not be surprising if history shall establish that of political economists he is the greatest.—*Daily News*, Passaic, N. J.

HENRY George was an author whom, if they carefully read, they would avoid sneering at. They might differ from him, but they were dealing with a master mind, and much of the stimulus to municipal thought and progress had come from the seeds of truth in his writings.—The Lord Advocate in the House of Commons, 10th July.

WHY not lay all of our taxes upon the one thing which cannot be hidden, which can not get away, which can be accurately valued, and, better than all, which can distribute its burden both ways, higher up and lower down? No man can dodge his land tax as long as man is a land animal. When he can live on the sea and never make harbor, or in the air and never come to roost, he may be able to evade the land tax. Not before. And this, of course, whether one "owns" a foot of land or not.

Why not quit being ashamed of ourselves? Why not quit being a nation of tax-dogers?

EDMUND VANCE COOKE.

In *Chicago Daily Journal*.

IN the May number of *To-Morrow*, a magazine published in Chicago, Mr. C. F. Hunt replies to a lecture delivered by Arthur Morrow Lewis, on "The Fallacies of Henry George." Mr. Hunt has but little difficulty in showing that most of these fallacies are those of misinterpretation. Such an intellectual monster as Mr. Lewis pictures Mr. George never could have existed.