

An open letter was sent to the Queen of Holland with presentation copy of the new *Progress and Poverty*, and a reply was received acknowledging the book and expressing the intention to study it. The correspondence is reprinted in the pamphlet above mentioned.

The immediate object of the League is now to establish the Henry George School of Social Science in Holland, the initiation of which was postponed pending the appearance of the new book.

The League will hold its annual meeting on the 10th March and Mr A. W. Madsen has been invited to attend from Great Britain.

*Ons Erfdeel*, the journal of the League, has had a long and very commendatory review of the United Committee's new publication, *Why Rents and Rates Are High*.

## GERMANY

SOME INTERESTING observations are made in *Bodenreform* (25th December) on the operation of the new system of taxation which was introduced on 1st April, 1938. This substituted a single property tax (Reichsgrundsteuer) for some 16 different taxes on landed property which had previously been in force. The new tax is supposed to be based upon the market or selling value of land and buildings taken together, but it is contended that the method of valuation applied to small houses occupied by their owners results in higher valuations than in the case of buildings which are let out to tenants. The old taxes which have been replaced were based on various standards, for example the rental value. The result of the change in some cases has been to double or treble the taxes imposed upon the small home owner. The simplification of the tax system has therefore had an unexpected effect, and one which it is contended is contrary to the general policy of the government. *Bodenreform* points out that in the future it will discourage people from building homes for themselves. Evidently no satisfactory solution will be found unless the government decides to make a separate valuation of the land value and to shift the taxation now falling on buildings on to land values. A recent issue of the *Jahrbuch der Bodenreform* stated that this question was being considered by the appropriate government department.

The same issue of *Bodenreform* reports the publication in the *Reichssteuerblatt* (3rd December) of a Decree of the Minister of Finance establishing a tax on increments of land value in the Saar territory. Although this is a welcome sign of a movement towards land value taxation, the proposal suffers from more than the usual number of defects inevitable to increment taxation. The tax is based upon the increase of value between the time when the land was bought and when it is sold, but transmissions from one member of a family to another are exempted. As the price includes the buildings and improvements on the land, provision has to be made to ascertain how much of the increase in value is due to improvements. The necessity of valuing improvements makes all measures of this kind difficult to operate in practice, as we discovered when a measure of this kind was introduced in the Lloyd George Finance Act (1909-10). There is an exemption from tax if the value is less than 500 Reichsmark, and also if the amount of tax assessed is less than 10 Rmk. Still further complications are introduced by reason of the tax being doubly graduated—the tax ranging from 10 per cent when the increase of value is not more than 20 per cent up to a maximum of 30 per cent and being graduated according to the length of time which has elapsed between purchase and sale, viz., the shorter the period the heavier the rate of tax.

The following example is given by *Bodenreform*. If

the land was bought for 50,000 Rmk. and sold for 100,000 Rmk. and if new buildings have been erected worth 20,000 Rmk. then the increase in value is 30,000 Rmk. or 60 per cent. (It may be noted that if the original value included buildings, then the increase in the land value is really more than 60 per cent.) If the land has been held for six years (the standard period) the rate of tax is 13 per cent or 3,900 Rmk. If the land is held for a less period the rate of tax is raised by one-fifth for each year less than six years. Thus if it were held for between two and three years the tax rate in this case would be 20·8 per cent. On the other hand, if it is held for more than six years the tax rate is diminished by 1 per cent for each extra year. Thus if it had been held for 19 years there would be no tax.

We need hardly point out how far away this plan is from the simple principle that all land value, whether it raises or falls, is due to the community and should be returned to the community.

## ALBERTA

At a recent meeting in London of advocates of Land Value Taxation, one member said he had seen reference in a newspaper (but title and date forgotten) that Mr Aberhard, the Prime Minister of Alberta, had "suspended" the operation of the rating system in Milk River where all revenue is derived by rating land values with complete exemption of any buildings or other improvements. Next day, as if by answer, there came to *Land & Liberty* office the following letter from Mr J. B. Ellert who is on the actual spot:

"Milk River still receives all tax from Land Value only and we have less trouble than any town we know of, and are always far ahead with funds, and streets and public works well taken care of, with no tax on business and improvements. Single Taxers are still going strong at Milk River."

## FEDERATED MALAY STATES

In reply to questions in the House of Commons on 7th December by Mr R. Morgan, Mr H. G. Williams and Capt Plugge enquiring whether the Colonial Office had suggested or sanctioned the system of rating on site values in certain towns in the Malay States such as Kuala Lumpur and Ipoh, the Secretary of State for the Colonies (Mr M. MacDonald) said: "I am not aware of the recent introduction of a new system of rating in the Federated Malay States. The principle to which the questions refer has been in operation there for the last ten years or more. No exception was taken to it at the time by the then Secretary of State, and no complaints have previously reached the Colonial Office."

Colonel Wedgwood: "Is the right hon Gentleman aware that this system of rating has been adopted in Kenya for many years, and in all our Dominions throughout the world?"

No answer was given to Col Wedgwood's supplementary question. The members who raised this matter do not appear to be aware that the land system in the Federated Malay States is based upon recognition of the public rights to land values. Holders of land are required to pay rents for the land which is ceded to them. The operation of the system is, however, imperfect as the rents are only revised after long intervals of time. Similar systems of land tenure are in operation in Northern Nigeria and Tanganyika.

Mr Morgan in his question asked why the system of rating in England is not regarded as suitable for the Colony in question. It would certainly have been interesting to have a governmental explanation of that point, but the Secretary of State omitted it in his reply.