however, in spite of its disabilities, has done very good work. It was a Labor Government that passed the Act in 1916 and we want the new Labor Government to give the Valuation Department adequate support.

Revision of Assessment Methods.— The N. S. W. system is defective in one important respect. Its purpose is to assess the selling value. We pointed this out when the bill was under consideration in 1915, before it was passed. We urged that a tax upon the value of land did not affect the value, it enabled the State or the local Council to share the economic rent with the owner. Assessing selling values, however, has been the plan hitherto adopted in Australia.

This defect is avoided in the very interesting constitutional amendment framed for the State of New York, published by LAND AND FREEDOM. Selling value is rightly the value apart from improvements in or on the land and assuming that no rate or tax is imposed upon it. Where a rate or tax is imposed the owner then shares the economic rent with the taxing authority. He can only sell his equity in the land and the selling price is reduced in proportion.

Valuing according to the selling price sets up a variable and uncertain basis of taxation. That necessitates a higher rate of tax to get necessary revenue. We want to get our new Government to realize this and amend the Act accordingly. As long as the rate of tax is small it does not matter very much. But raising substantial revenues from land values would produce an impossible position. Taking the whole of the economic rent for the use of the people would mean that land would have no selling price, but its value would probably be greater than ever on account of accelerated social and industrial progress.

Rating Reform for Water Supply.—Our rating system used by our Councils throughout the State, from the City of Sydney to the remotest center, except in the sparsely settled Western Division, is on unimproved land values—all improvements are exempt. In the Sydney and Newcastle areas there are Water and Sewerage Boards. They rate on the old rental value basis. For 25 years we have sought to get these rates also imposed on a land value basis.

By means of public meetings, petitions to Parliament, letters to the press, deputations to Premiers and Ministers, we have demonstrated that the public is in favor of it. Vested interests in land speculation and property interests in the City of Sydney have hitherto prevailed. The "City" makes its own valuations, the suburbs are under the Valuer General. The Valuer General should have taken over the work in the City long ago.

We hope that the new Minister will be more favorable than his predecessors. If we could only get a vote of the ratepayers there would be no doubt as to the result. In fact these rates would have been on land values years ago if the rate-payers had had the power to decide the issue.

Our British Letter

From DOUGLAS J. J. OWEN

ON April 7 the Chancellor of the Exchequer introduced his Budget, showing an estimated expenditure of £4,207 millions, of which £3,500 millions is expenditure under votes of credit for carrying on the war. These figures do not include the value of supplies from the United States under the Lease-Lend Act, nor for payments under existing orders in your country. The amount to be raised in taxation is £1,786 millions, leaving a balance of £2,421 millions to be met by the creation of debt.

A remarkable feature of this Budget is that there are no new taxes. Commodities are evidently taxed enough. There is an increase in the Income Tax and this is made heavier still by reductions in the allowances formerly made on account of "personal" income and "earned" income. These reductions of allowances will hit the lower incomes heavily. This one alteration will make over two million more people liable to income tax, including those whose incomes are of the 45 shillings a week level. Sir Kingsley Wood boasts of this as a "first class revolution in our fiscal system—deducting Income Tax from salaries and wages. Four million taxpayers now have tax deducted from pay week by week or month by month."

An entirely new departure is what *The Times* calls "this infiltration of Mr. Keynes' ideas into the financial front." This is the provision that any extra tax paid because of the reduction in personal allowances and earned income allowances will be credited to the taxpayer in the Post Office Savings Bank after the war, £65 being the maximum allowance. This is a compulsory savings scheme designed to reduce spendings and thus help to close the inflationary "gap." *The Times* says: "The real menace is the gap between revenue at home and expenditure at home; and it would be quite misleading to enlarge the gap by taking account of expenditure abroad, more especially since the passage of the Lease-Lend Act in the United States. The size of the gap is therefore put at about £500,000,000." The Budgetary task is therefore said to be that of controlling and limiting any upward tendency of prices due to the pressure of purchasing power on available supplies. Huge spendings by the Government have generated a corresponding amount of spending power in the hands of the public. If all of this were used to purchase goods in the shops it would destroy the precautions against inflation, that standing menace of Governments in wartime. It is therefore held necessary to withhold a substantial part of surplus purchasing power through controls and through the instrument of taxation, to avoid the vicious spiral of rising costs (wages) and rising prices. The total war economy now includes rationing of food and clothing, price control, raw materials control, Price of Goods Act, direction of labor, requisitioning of factories and warehouses, Limitation of Supplies Orders and the concentration of industry. And now compulsory savings. But in all this there is no control of land speculation; no taxation of land values.

Sir Kingsley Wood also rejoiced at the low rate of interest on Government borrowings. This will mean, he said, that post-war expansion and recovery would start with a lighter interest burden. "In rebuilding our cities after the war the maintenance of a low rate of interest will do much to ease the financial problem." Here we see another attempt to keep wages and interest at a lower level than if uncontrolled and left to normal economic influences. Meanwhile, land is outside this controlled sphere, and rent will rise as wages and interest decline. Those who will continue to seek high returns will simply invest in land, and there is ample evidence, referred to later, that this is what is happening. A tax on the value of land would be effective control against speculation, at the same time increasing those "available supplies" to offset increasing spending powers. But the only mention of such a tax in the Budget was that it was impracticable in war-time, "apart from other considerations." This is pretty thin as an excuse, in view of the ease with which control schemes of all kinds can be operated. No doubt the "other considerations" weigh most with the Chancellor, who will not fail to consider the claims of the vested interest in land monopoly.

Meanwhile, as stated, "The Price of Land is Soaring," to quote the headline in the London *Evening Standard* of April 22. Prices of land, this paper says, are almost double pre-war prices. Good farm land worth £30 an acre before the war, is now selling at £80 per acre. In a number of cases land has realized £100 to £150 an acre. This land, of course, is not assessed for local taxation purposes at any value at all. One authority states there is hardly any land left for sale. "The most popular investments are rich dairy farms of between 150 and 500 acres. The large joint stock banks and insurance companies have been very active in these land purchases. People feel that land values are more likely to remain constant than those of movable commodities. Land is least susceptible to bombing."

The pages of *Land & Liberty* for April and May continue to give many more instances beside the above of the unchecked ramp in land. Public opinion is far in advance of the Government on this question. The Commissions set up on Reconstruction, on the Bombed Sites scandal, etc., promise their reports and plans. There are suggestions to fix the price of bombed land at its pre-war level; also that the Government or the local authorities should buy up such land. There is a proposal that the City of London should purchase all the land in its area. All the time there is no doubt that the public are ready for bold legislation on Henry George lines to end the "racket" not only in bombed sites but in all valuable land, town and country alike.

Our Canadian Letter

From HERBERT T. OWENS

CANADA'S FINANCIAL STATUS

PARLIAMENT has been dealing with Canada's record budget. Expenditures for the next fiscal year are estimated at $1,768,000,000, and may, of course, go higher. In addition, the financing of our own and Great Britain's purchases in the United States will very probably increase our commitments to $2,500,000,000. That is quite a far cry from the tempo of $500,000,000 which was the pre-war rate of spending of our federal government.

In pre-war days, customs, excises, sales tax and income taxes were the main reliance as income sources. Today consumption taxes, though larger in volume due to more general employment and a larger national income, have not been unduly increased, but income taxation is much steeper. For war purposes, resort was had to a national defense tax of 2% on wages, and it is now proposed to raise this to 5%. An excess profits tax was also imposed last year as a war measure, and this is being made heavier. A tax on interest and dividends payable may be modified due to a protest from the Premier of Ontario. Sugar will pay an extra cent a pound, a total of 2c, which is in the nature of an extra consumption impost, and another whack is taken at cosmetics and toilet preparations. A tax on purchases of automobiles and buses is also increased in the new budget. All classes of imbibers will be hit by new taxes on beer, malt and wine as well as on carbonic acid gas used in soft drinks.

The government is invading the following new fields: Inheritance taxes, or succession duties, hitherto the exclusive domain of the provinces, will yield an estimated $20,000,000 to the federal exchequer. There will be a federal tax on gasoline gallonage of 3c a gallon. All types of transportation tickets will carry a tax of 10%, while a 20% impost will be put on receipts of movie theatres. A tax on race track betting is expected to yield $1,000,000.

Predictions that the sales tax would be increased have not come to pass, and the government has evidently developed a conscience on this particular consumption tax. The sales tax rate of 8% has been left as it is, with this exception: that building materials, which have been exempted from sales tax for the last few years, are now made subject to the tax. The sales tax is expected to yield $203,500,000.

There is one item in the expenditures which is reminiscent of the New Deal and that is an item of $35,000,000 set aside to provide for payments to "stimulate reductions in wheat acreage"—because the Western wheatgrowers have been producing chronic surpluses of this commodity.

In order to prevent overlapping, the Finance Minister has revived a recommendation of the Sirois Royal Commission that the provinces should abandon income and cor-