

## INTERNATIONAL NEWS

## DENMARK

## Land Value Legislation Promised by the New Government

The Danish newspapers of 25th May gave much prominence to the interview arranged between representatives of the Joint Land Values Committee and the two Ministers, Mr Berthel Dahlgaard and Mr C. Bramsnaes. The deputation received very satisfactory assurances as to the Government's intentions.

Proposals of far-reaching nature were outlined. They will be more easily followed if we trace briefly what has been done thus far in Denmark to apply the land value policy. There is now in force a small but uniform and universal national tax on the value of land apart from buildings and improvements. A periodic valuation of the land in both town and country takes place once in every five years. Every town, county and parish levies a rate on land values as one of the sources of their revenues; the other sources are a separate (and lower) rate on buildings and improvements, and the local income tax. At present the towns have no option but to take at least five-sixths of their revenue from local income tax. In the country districts the parishes can decide to reduce or abolish the local income tax and correspondingly increase the rates on real estate, but their action requires the approval of the county councils. Thus the present position demanding reform is that towns are compelled to maintain the grievous local income tax; parishes are not able easily to get rid of it; and towns, counties and parishes are compelled to tax buildings and improvements, although at not more than three-quarters of the rate levied on land value. What is wanted is to concentrate the local taxation on land value, sweeping away both the local income tax and the rates on improvements. The 1926 Act, by introducing the partial rate on land values, made a start on the road along which the new Government means to travel. The 1926 Act also provided for an optional "betterment" levy, to be imposed as an annual addition to the ordinary rates on land value, wherever a relatively considerable increase has taken place in the assessment of the land value between the dates of the periodic valuations. The betterment levy, at the rate of one per cent, begins to operate from 1932 onwards and already 200 local authorities, including Copenhagen, have decided to collect it.

## REPLY BY THE HOME MINISTER

Answering the deputation from the Joint Land Values Committee, Mr Dahlgaard said that his object was to take all rates off houses and other buildings and make such rates a charge on land values. In this way they would remove the obstacles that building taxes now place in the way of productive work. He wished to see the betterment levy improved so that values arising from the growth of the community and not from individual effort shall really go into the common treasury. Land speculation, he said, not only pockets the values that the public as a whole create but it also stands in the way of the free development of industry. He who is in earnest about providing employment must first of all get rid of the dead hand of land speculation that rests upon great sections of our most rapidly growing districts. He hoped to introduce Bills with that end in view when Parliament assembled. Provision would be made enabling the towns to replace the local income tax by land value rating. It was possible that the State would share

with local authorities the proceeds of the increased betterment levy. All this, it was emphasised, would lead to a better and more reliable land valuation, essential for carrying out the aims and purpose of the land value policy.

## REPLY BY THE FINANCE MINISTER

Mr C. Bramsnaes said, with regard to the national taxes on fixed property, that he desired to see them levied as far as possible on land value—preferably entirely on land value. Such conversion of these taxes waited upon an opportune moment when they could take effect possibly in combination with other economic reforms. Meanwhile he would move for increasing the national tax on land values so as to replace the taxes levied on industry and commodities. The best line to follow in that regard was to aim at reducing the Customs duties that so manifestly burden the general consumer and restrict the production of wealth. He thought the State was entitled to its share of any betterment levy, for increased values were not always due to purely local circumstances; nor should there be any great delay in making the betterment levy really effective. As for the land valuation, he wished to see thoroughly competent assistance given by the Department, and the method of the land value-map extended so that they would achieve uniformity beyond challenge and a publicly controlled assessment of the land values.

The Joint Land Values Committee is composed of representatives from all the political parties, including the Conservatives. The deputation was led by Mr F. Folke, who had with him Messrs K. J. Kristensen, Vandman, Wiene, Porsdal, Oksholt, Vedso and Harslof.

Our co-workers are to be congratulated on the success of this interview.

## INDIA

## The Bombay Land Revenues

Mr Anderson's book\*, which was briefly mentioned in the March issue of *Land & Liberty*, is an invaluable treatise for all interested in the conditions of land tenure and taxation in Bombay.

In its structure the book may be classed with Wedgwood's *Essays and Adventures*, or Temple's *Native Races*, as a skilful combination of Geogest philosophy in playful form with a record of personal controversies and actions. The underlying parable of Adam and his sons, and how Cain, who had the best piece and tried to evade paying for his privilege or alternatively to work and produce less than Abel, is often repeated, with many early historic examples of single tax thought, from Khammurabi of Shinar and Manu, the Indian Moses, to the predecessors of British rule. In paragraph 88 it is pointed out that Khammurabi said (about 1980 B.C.) that land left idle or fallow should not pay less revenue on that account.

The picture of the Bombay land revenue system is clear and helpful. There is in the official intention no desire to tax the agriculturist on his improvements, but the tax on land revenue collected is far below the true value of the privilege, as is shown by the high sale value of land substantially unimproved.

The revenue valuation is arbitrary in practice: in

\* *Facts and Fallacies about the Bombay Land Revenue System*. By F. G. H. Anderson, M.A., late I.C.S., M.L.C., Bombay. Published by Scottish Mission Industries Co., Ltd., Poona, 1929. Price 2½ rupees (3s. 9d.).

sixteenths, or annas of a rupee. The most desirable land is rated at 16, the least at 1 in any area, and the assessment applied in zones thus bounded; more in a good period and less at others, but with a range of 1 to 16 only, so that if the least desirable holding pays, say, 5s. per acre, the most desirable cannot be charged more than £4.

The impression one forms of the Bombay system is that for rural tenures it is just in conception but in practice it is sadly disfigured by an English law of the 'sixties, that no matter what the increase in land value during a 30-year term the revenue cannot be increased by more than one-third, and by a weak fancy that under-assessment is a kindness to the occupier.

Very different are the conditions respecting "non-agricultural" land, which is readily made the sport of gamblers. "All house sites," to quote the author (paragraph 227), "in villages and towns, and in fact all plots for whatever non-agricultural purpose they are used which, at the time of the original survey, fell within the area allotted as town or village sites and were excluded from the agricultural survey, have been exempted; and not exempted by the law, which expressly declares them to be taxable, but exempted by executive order and practice alone. On the other hand, any land converted from agricultural use to any un-agricultural use since that survey is fully taxed. It is most unjust. . . ."

It is further shown that suburban land "ripening" is taxed on its farming value only. These matters show how English officers force the evils of English law where the law does not permit. All the vast communal site value of the towns and villages of Bombay is given away illegally, and there is instituted a vast system of search for the last farthing due by the farmer; while the farmer has *further* to find in cash over and above his payment to the land revenue a series of indirect taxes of all sorts for the Province that is thus impoverished. It is in this way the labour of the cultivator is exploited. Add to this that the Province has to find very large yearly sums for areas such as Bengal, where, under the Permanent Settlement, even the agricultural land revenue has been wantonly given away contrary to law.

It deserves to go to a second edition, in which case it will be very helpful to have at least one map, indicating current names for areas mentioned; probably a second, of political divisions, immediately preceding British rule. A good index is also wanted, and a glossary of Indian words used in description.

M. J. S.

## VICTORIA

The April number of *Progress* contains an interesting account of the farewell dinner given at Melbourne to Mr W. H. Renwick, preceding his trip round the world. Mr Renwick left Sydney on 21st March for San Francisco, and after visiting friends of the movement in U.S.A. and Canada, he will arrive in this country in time to attend the Edinburgh Conference. At the dinner, many glowing tributes were paid to Mr Renwick's unflagging work in the Henry George cause. Honorary Treasurer of the Victorian Single Tax League in 1893, General Secretary of the Free Trade Democratic Association in 1896, several times President of the Henry George League of Australia, and now President of the Henry George Foundation of Australia, he was described

by one speaker as "the Grand Old Man of the Cause in Victoria." Mr Renwick, in the course of his reply, said: "I am going to the International Single Tax Conference at Edinburgh, where I will meet the leading Single Taxers of the world—men I have been thinking about and writing to for over thirty years."

On another page of *Progress*, Mr P. J. Markham compares the two rating systems now existing in Victoria. The old system, he says, known as the Annual or Rental Value System, is in most general operation. Under it municipal taxation is levied on the property as a whole—on land and all improvements on the land. The new system, Rating on Land Values, has only been possible of application since 1920. Under it, rates are levied on the unimproved value of land only, all improvements being exempt. Victoria has its own housing problem, but where the Rating on Annual Values system prevails the man who gets a dwelling house built is heavily penalized. On the contrary, in places where the Land Values Rating System exists, not one penny of taxation is placed on anyone for anything he does to improve his property.

Generally speaking, the three main reasons why the Land Values System, wherever adopted, has come to stay are:—(1) It is found to be just; (2) it reduces the rates on a large majority of the improved properties throughout the municipality; (3) it is a great financial success.

The Rating on Unimproved Values Act 1919 gives optional power to Municipal Councils to levy rates upon Land Values, as against the system of levying upon the Rental Value. Should the Council not decide to adopt Land Values Rating, 10 per cent of the ratepayers may demand a poll upon the question. In municipalities which have not moved in the direction of adopting Rating on Land Values, steps should be taken to test the feeling of the council on the question. Should the council decline to take action, it rests with the ratepayers to demand a poll.

Here, as Mr Markham urges in his article, is work to the hands of those who are willing; if they will help to bring this matter to a successful issue, they will achieve a real and lasting good.

## MALTA

A long article appears in the *Services Sentinel and Weekly Independent* of 26th April, under the title of "Root Reasons—The Real Remedy." The writer, Mr Ernest G. Geoghegan, deals with the controversy raised in 1892 as to whether the economic teachings of Henry George were in conflict with the teaching of *Rerum Novarum*. He recalls that the Rev. Edward McGlynn, D.D., held that there was no conflict, and proceeds to quote at length from the summary of *Progress and Poverty* prepared by McGlynn at the instance of Papal Alegate Archbishop Satolli. McGlynn's paper will already be well known to our readers, but one or two passages are well worth reproducing here:—

"By a beautiful providence, that may be truly called Divine, since it is founded upon the nature of things, and the nature of man, of whom God is the Creator, a fund, constantly increasing with the capacities and needs of Society, is produced by the very growth of Society itself, namely, the rental value of the natural bounties of which Society retains dominion. The justice and duty of appropriating this fund to public uses is apparent in that it takes nothing from the private property of individuals except what they will pay willingly as an equivalent for a value produced by the Community, which they are permitted to enjoy. The fund thus created is clearly by the law of justice a public fund, not merely because the value is a growth that comes to

### "LAND VALUE TAXATION IN PRACTICE"

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