

McCusker had been considered exhaustively by an earlier Australian committee – the Keall Committee – in 1975, and had been decisively rejected. The Keall Committee had concluded that, although the CV basis had practical merit in that properties were valued as they stood with no hypothetical assumptions having to be made by the assessors, it suffered from a major disadvantage – its cost. With the additional records and data that would be required, it would be costly to introduce and costly to maintain. Even with a much larger staff, the valuation authorities would need many years to acquire all the information they required to operate it efficiently.

In addition, said the Keall Committee, the CV base was open to the same criticism as the AV base in that it would discourage development. They warned, also, that whatever anomalies arose under the site-value system, a change to the CV basis would not rectify them since fluctuations in the price of land directly affected capital values – as, additionally, did changes in building costs.

In their memorandum, the land-taxers emphasised the paramount importance of a rating system that did not discourage development. Most ratepayers, they asserted, were ready to pay their share of rates if these were assessed according to the value given to their properties by the public utilities and amenities made available to their sites. But the same people would bitterly oppose being rated or taxed according to the value of their own improvements to their properties as would happen under the CV system.

CRITICISING the McCusker claim to be following in the footsteps of the British Layfield Committee, the land-taxers said that the whole idea of looking to Britain as a

Single Taxers wiped out in unnecessary election

BECAUSE of the way in which Denmark has been ruled for decades, the government is always in severe need of increased revenue. The more money it takes through income taxation, the more people need public assistance; but this can only be financed through further taxation, and so on. For this reason, the government always seeks new targets for taxation.

Last autumn the government got the idea to tax the interest earned by all kinds of funds, including pension funds. The money was

DOMINICAN REPUBLIC

Radical line-up boosts tax reform plans



● Philip Finkelstein

THE PROSPECTS for a change to land value taxation in the Dominican Republic were increased by the elections in May, writes Ian Barron.

With unemployment running at over 30 per cent, the voters elected a radical, Jorge Blanco, as their new president.

The out-going president, Antonio Guzman, had indicated sympathetic support for a tax on the Caribbean island's land values. But he was not expected to make fast progress towards fiscal reform, according to local land tax campaigners: Mr. Blanco, however, is expected to explore the possibilities of fiscal reform more forcibly.

A conference on land value taxation was held in Santo Domingo, the capital, last year. It was jointly organised by two U.S. organisations, the Lincoln Institute of Land Policy, from Cambridge, Mass., and the Henry George School of New York.

Mr. Philip Finkelstein, Director of the Henry George School, said after the elections: "I have no reason to believe that Mr. Blanco will oppose us. He is favourably disposed

towards land value taxation. But he can't be taken for granted."

One of the politicians at last year's conference was Jose Francisco Pena Gomez, who at the time was a member of the Chamber of Deputies. He is chairman of the Latin American section of the Socialist International.

Gomez spoke in favour of a change to a property tax based on unimproved land values. He was elected Mayor of Santo Domingo in the elections. The possibility of a pilot study of land value taxation in the capital is now being explored.

"The outcome of the election results is favourable to us," declared Mr. Finkelstein in New York.

● Although a leftwinger, Mr. Blanco, a 56-year-old lawyer, has said that he will work for closer ties with the U.S. Despite assurances that he will hesitate over establishing links with Cuba, some observers fear that the military may stage a coup before Mr. Blanco takes over the President's office on August 16.

source of guidance on rating principles was absurd. Unlike Australia where site-value rating was in common use, Britain had no practical experience of the system at all, even though several hundred local authorities in England, Wales and Scotland had, over the years, pressed Parliament for authority to adopt it. The fact that a British committee had advocated the CV basis for domestic property, while retaining the AV basis for everything else, did not detract from the proven superiority of site-value rating to both.

Finally, said the land-taxers, if the McCusker Committee hoped that a change to CV rating would smooth the path to annual revaluations (as an aid to avoiding anomalies) they should think again. The British experience (only three re-valuations since 1945) demonstrated the near-impossibility of completing re-

valuations quickly when buildings and other improvements had to be valued. In New South Wales, by contrast, where the valuation of improvements had been dropped and where site values only were now assessed, the re-valuation cycle was being cut to three years and would probably come down to two years in the near future.

The overwhelming evidence, said the land-taxers, was against any move away from site-value rating. The wide popularity of this form of rating in Australia reflected the deliberate choice of the councils or ratepayers concerned. The anomalies that arose in Western Australia were more likely to be due to the use still being made of the AV basis by some councils in the state. The proper base for rates was clearly the site value of land, the value given to land by the level of services available to it.

Professor J.P. Skou reports



DENMARK

wanted to "create" work for unemployed young people, and to support the rising number of farmers who were forced to sell up because of ever-increasing production expenses and high interest rates.

Prime Minister Anker Jørgensen, however, found it too difficult to get legislative support, so he issued writs for an election. Parts of the Bill would have created more equality between

taxpayers under the existing laws, so if the government had been more flexible it would have come through with the main part of it.

Most people thought that the real reason for the election was that Mr. Jørgensen was tired of governing. Today, he is still Prime Minister and the problems are much worse than they were before. The election, after all, was an unnecessary one.

BEFORE THE election socialists and non-socialists had 85 and 90 seats, respectively. The election caused no change in that, but marked change took place within both groups. This may be seen in the table, which gives the number of seats for each party before and after the election.

It is not easy to rule Denmark. The reason is not so much the large number of parties as it is the competition between them within the two groups, and because nobody wishes to co-operate with the left-wing socialists and the right-wing Progress Party.

Before the election, the Social Democratic government based its existence on support from the Social-Liberals, Centrum Democrats and the Christian Folkparty, from the non-socialist side, which between them had 21 seats. Now the government relies on Social-Liberals and Folksocialists (30 seats). This is somewhat surprising because the Folksocialists are against the Common Market.

The common opinion is that the government have moved to the left. Furthermore, the Social-Liberals have been in the centre of Danish politics for a large part of this century because they have made it their style to create compromises whenever possible; though they are non-socialists, they normally keep to the Socialdemocrates as this party always gives them the best chance for power. They have never been more powerful than they are in the present Parliament, even though they have only nine seats.

The Social-Liberals have land taxation on their programme like the Justice Party, and the socialist parties also wish to tax the land. If all their seats were counted together, this would produce a comfortable majority for land taxation. This is not a reality, however. The Social-Liberals have repeatedly opposed all proposals on the issue, and the socialists do not wish to differentiate between land taxation and a tax on buildings and other objects. Therefore, the reality is – and has always been – that only MPs from the Justice Party want progress for land taxation and a corresponding reduction in income tax.

IT is impossible to give all the reasons why the Justice Party lost their five seats, but in my opinion important reasons lay outside the party and its activity, and are to be found mainly in the competition between parties.

The Justice Party has always had a weak position in the counties. Less than a month before the Parliamentary election it lost nearly all of its representation at the municipal elections. Normally the two elections do not influence each other, but in this case they were held so close together that I have no doubt that the result of the local election did have an influence.



● Ib Christensen



● Alfred Hansen



● Ole Flygaard



● Niels Mølgaard

Four of the Single Tax candidates who were handicapped by recession debate

A week before the Parliamentary election, the Gallup poll predicted that the Justice Party would get four or five seats, and that the Conservative and Folksocialists would win the election. Two days before the election there was a sudden change after the "party leader round" on TV.

Gert Petersen (Folksocialist) and Erhard Jacobsen (Centrum Democrate) played the greatest roles. The former offered Christmas gifts to all without explaining where the money would come from. The latter offered no promises: his contemptuous refusal to discuss the relief of unemployment cast him in the role of the honest Dane.

Facing this play, the other political leaders appeared novices, no matter how serious their speeches were. Ib Christensen (Justice Party) was very objective and he clarified what we would do in the present situation. At the same time he was perhaps the most boring to listen to, and this counts. The results clearly appear in the table. We had votes for three seats, but they were below the two per cent required for representation.

MANY PEOPLE voted for the Folksocialists instead of the Justice Party. There are two reasons why this is not surprising.

The Justice Party has tried to mobilise the existing majority for land taxation, but nearly all of its members omitted to clarify the distance between them and the socialists concerning the taxation of buildings and other man-made objects. Furthermore, like the Justice Party, Folksocialists are also against the Common Market. Therefore, it was so much easier to change over and vote for the Folksocialists.

Another factor has to be taken into account. The depression stopped the increase in land values, and in some areas even caused them to decrease. Under these conditions people could not see the importance of initiatives in this field. The party made the mistake of talking about taxation of ever-increasing land values and said very little about how land taxation would be effective in periods of depression.

Only a few of the candidates were able to handle the political debate concerning land taxation in the present depression. All the other reasonable parts of the political programme could not offset this handicap. I seriously hope that the party will learn the lessons, and so manage to get back into Parliament.

£70m bonanza

Cont. from P.67

grants. Why the discrimination between local authorities and the private sector? "Cheap money must be made available so that developers have a real incentive to develop abandoned city sites," he said.

And Harry Greenway, MP for North Ealing, pressed home the demand for an auction. "The valuer's price is nearly always miles beyond the price that would be reached at an auction ... I urge the Government to consider a radical approach to the disposal of land ... let it go to auction."

The Opposition supported the Bill, but Dr. David Clark, speaking from Labour's front-bench, warned that there were dangers in giving private developers access to derelict land.

Private firms, argued the Shadow environment spokesman, were only interested in reclaiming land that yielded a high value – from industrial or housing development. They were not interested in the need for recreation land.

Only days after the debate – which ended with an unopposed Second Reading – Environment Secretary Michael Heseltine was busily selling his £70m offer.

Speaking in Liverpool, he described some land development schemes already under way.

"Every time we see this land put to use, we see jobs, rateable value and better environment ... for the first time, Liverpool will be able to offer landscape sites to industrialists the equal of anything to be found in the New Towns. We are encouraging people to come back."

	Socialists		Non-socialists	
	before	after	before	after
Social democrates	68	59		
Social-Liberals			10	9
Conservative Folkparty			22	26
Justice Party (Single Tax)			5	0
Folksocialists	11	21		
Centrum Democrats			6	15
Christian Folkparty			5	4
Liberals			22	20
Left Socialists	6	5		
Progress Party			20	16
	<hr/> 85	<hr/> 85	<hr/> 90	<hr/> 90