

and much unrest in consequence. Without the stimulus to proper land use, previously given by a sufficiently high "cost of holding land whether used or not" in the form of a land-value tax, a premium is given to under-use, and productivity has fallen. Indonesia was previously a rice-exporting nation, but has now become a rice-importing nation.

On the financial front there has been unbridled inflation. The whole country has suffered in terms of real income but with the removal of all obligations from the peasants they are far better off than others. Wage labourers and public servants are the sections most hit. Compared with the position in 1938, in terms of real wages, at 1958 the peasants' rice income remained approximately the same—the wage labourer dropped to about one half—the civil servant on an average to about one-thirtieth. This last is disastrous, because it fosters corruption in the administration where the public servant cannot live on his official salary without supplementing it by graft. This is a short cut on the road to perdition.

In the last five years these various self-inflicted blows

FARMING, LAND, & TAXES

Land Versus Chattels

WOODROW WILLIAMS REPORTS
FROM OHIO

THE OHIO FARM BUREAU is circulating a petition among farmers pleading for the abolition of the "personal property" tax. This is a tax levied upon chattels—that is, farm machinery, cattle, grain stored on the farm, etc. It is unwieldy to collect, and is generally acknowledged to be unjust, in that it penalises the livestock farmer, who must store feed and have extra machinery, while it benefits the land holder who rents out his land to others. I have a cow worth \$200. My neighbour has an acre of land worth \$700. I pay the same tax on my cow as he does on his acre. I wonder how many people remember that this tax originated as one of the schemes to relieve the "overburdened" property owner. To top it off, the Ohio Farm Bureau is pushing for a state-wide income tax to replace the personal property tax. The Farm Bureau also advocates more relief for the "property" owner—meaning the land holder.



The Tax Study Commission to which I was invited to give my views recently, has not yet officially reported to the legislature. A report was due early this year, before

have turned the Javan paradise into a hell. There has been one of the worst blood baths in history with the slaughter of nearly half a million Indonesians in the name of "anti-Communism." How many were really Communists will never be known. Even if they were, the primary evil was the degeneration in the economic conditions without which Communism would have no attraction.

Only if and when Indonesia returns to the basic principles of land rent for public revenue can its citizens expect to raise their living standards above those under the Dutch, or even return to them. It needs to be applied more fully, and to embrace the cities where site-rents are highest, as well as rural land. Simultaneously, taxes on buildings and other improvements, and on incomes, should be abolished. These act as deterrents to limit the national product and hence the well-being of all who share it. This course is in accordance with its own historical method restored by Raffles. We hope wiser councils prevail and they return to it.

the legislature met in regular session. But, as usual, they are stalling. The Governor is pushing a new "Bond issuing" proposal in an attempt to maintain an unrealistic "no new taxes" policy. My contention is that no change is needed. All that is required is compliance with our State Constitution, which requires all "property" to be assessed and taxed uniformly. But the practice has been to assess property at a percentage of its actual value. Theoretically this is at 40 per cent; in practice, it is closer to 30 per cent on average for real estate. It is, however, much higher on the more highly improved property, especially the newer houses and business establishments, including new factories.

It has also been the practice to jack up the assessments against railroads. But vacant holdings are let off with assessments as low as 5 per cent or even less! And the disparity is greater on ostensible "agriculture" land that is adjacent to the larger cities. This is taxed as farm land but it often sells to a developer for ten times more than its "agriculture" value. When it comes to "personal property" we get a flat 50 per cent. assessment. For example, I have a thirty year old tractor for which I paid \$750. It must be listed, under maximum depreciation, at \$175. It is assessed, then, at 50 per cent of this, \$87.50, more than it would be likely to fetch on the open market. I keep it for odd jobs, and my reward for caring for it and keeping it in good running order is excess taxation!

IN the last sixteen years the price of Illinois farm land has doubled. The rate of increase—about 5.5 per cent compounded annually—is similar throughout the central Cornbelt.

—Prairie Farmer