

Everett vacant, as the American tax laws made it profitable for him to do.

Mr. U'Ren reminded his hearers that California has the reputation of being a right smart State, and that in Oregon California is looked up to in these matters. He hoped that the people here would set a good example as they have in the recent past, and help the Oregon progressives by continuing the good work that has been so well begun in California.

Mayor J. Stitt Wilson of Berkeley spoke of the initiative proceedings that have been inaugurated by the California League for Home Rule in Taxation, and announced that a petition will be started soon to secure the 30,000 signatures necessary to place the proposed constitutional amendment on the ballot next November.

Referring to the proposed purchase of the Home Telephone Company's system by the cities of San Francisco, Oakland, Berkeley and Alameda, Mayor Wilson said that the managers of big business never object to having cities own all kinds of parks, playgrounds, or any other sort of property so long as it would be a source of expense, but just as soon as the cities wanted to own anything that might be made a source of profit to the cities, then a howl was made against municipal ownership. The things that pay are the things that the people ought to own, and they are the things that they are determined to own. (Applause.)

All citizens were urged to register in order that they may vote in favor of the proposed constitutional amendment which will allow cities and counties to exempt from taxation any form of property they desire, and to impose all the taxes on land values if they deem that plan the best for the community. While that is not necessarily involved in the adoption of the amendment, in all probability that would be proposed, and as in other places the side with the best arguments and the most logical reasons would stand a good chance of success before the people.

Judge James G. Maguire made a preliminary statement of the work of the League for Home Rule in Taxation.

Hon. John L. McLaughlin, State Commissioner of Labor, presided, and on behalf

of the citizens of San Francisco extended an expression of thanks to Mr. U'Ren and the other speakers for their valuable and interesting addresses. — WELLS DRURY, Berkeley, California.

TAXATION IN A GERMAN CITY.

By WILLIAM DUDLEY FOULKE.

(From Presidential Address, November 13, 1911, Before National Municipal League.

The system of taxation is extremely complicated and the basis is so different from that which exists with us that I could not ascertain whether the Frankfort citizen pays more or less for municipal benefits than the inhabitant of a corresponding city in America. The amount of tax imposed upon any particular thing seems reasonable, but in the aggregate the sum is considerable. Personal property, especially choses in action, bonds, notes, stocks, mortgages, etc., and things liable to sequestration, are not directly taxed as with us, but an income tax, imposed by the State and supplemented by an addition in the city, reaches the interest and dividends from these objects. The taxes upon buildings and upon land, as well as upon trades, have been renounced by the State; such taxes are imposed by the city alone. These taxes are graduated. In the tax upon trades, returns amounting to less than \$750 a year are free. The taxes imposed upon standing industries are levied in four classes according to the amount of profit or the value of the establishment and the capital employed.

Taxes upon improved real estate are not laid, as with us, upon their estimated value, but upon the actual gross rental received during the preceding year; the theory being that these taxes are to be paid out of the rent. If the building is to be used only part of the year, taxes are paid for that proportionate part only. This total rent received, however, is not the measure, if it differs greatly from all the rental values in the neighborhood, or if it includes the use of personal property, or depends upon the result of an industrial

undertaking or other uncertain events, or where the owner occupies the property himself or allows another to do so without compensation. In that event, the rental values of the neighborhood determine. If the property for other reasons is unrented or unused, no tax is paid. The house tax is four per cent. of the gross income, but this rate is increased by a graduated scale for every dwelling whose rental value exceeds \$125.

On unimproved real estate the tax is laid upon the value of the land. A new valuation is made every three years. Two members of the municipal board and seven of the representative assembly form the tax committee to levy this tax, and it is collected in quarterly installments.

Churches are not supported, as with us, by voluntary contributions, but their members pay a church tax which is divided proportionately among the Jewish, Catholic and Protestant communions. Any citizen may withdraw from a church and avoid the tax; but the Oberbürgermeister told us that few do so because the women want the men to belong.

But the most remarkable feature of the taxing system of Frankfort is the tax which is laid when property is transferred—a tax on unearned increments of land values. There is no city tax upon transfers by inheritance, though there is one imposed by general government. It is curious to note the progress of this tax upon the unearned increment in German communities. It was first established in 1898 in the German settlement of Kiautschau, in China, where the government evidently intended to avail itself of its opportunity to receive part of the benefit of increased values from the growth of a new community. In Germany this tax also began with the municipalities. Two cities in Saxony adopted it in 1902. The first town to apply the name "increment tax" was Hellersdorf, in 1903. One year afterwards Frankfort established this tax, and six hundred and forty-two other communities have followed, among them the most important cities of Germany. In February of the year 1911 the imperial government passed a general increment tax law in the Reichstag by a vote of 199 against 93. The municipal increment tax

is allowed to continue for five years. After that time it must cease, and the city is to receive a small proportion of the general tax.

The Frankfort increment or transfer tax, as it is called, passed in 1904, provides that every change of ownership, not depending upon inheritance, is subject to a city tax of two per cent. of its value, and if since the last preceding transfer less than five years had elapsed in the case of improved or ten years in the case of unimproved property, and there has been an increase of value of 30 per cent. of the former price, a supplement is imposed for this two per cent. tax as follows: Five per cent. for an increase up to thirty-five per cent., six per cent. for an increase up to forty per cent. seven per cent. for an increase up to forty-five per cent., and so on; one per cent. being added for every five per cent. increase until the total tax reaches twenty-five per cent. Expenses for permanent improvements are deducted; also loss of interest and cost of maintenance for unimproved property, less the income therefrom. If property is sold by a mortgagee, however, the tax is collectable only out of the excess. In case of exchange of property it is levied only once and upon that piece whose value is increased the most.

From the Spanish Single Tax League we have received a Spanish copy of the A B C of the Land Question; a manual for students and orators, by James Dundas White, translated into Spanish by the indefatigable Secretary of the League, Antonio Albendin. Readers of the English edition of this little book will remember that it contains many bright and pungent illustrations showing the necessity for and the real justice obtained by the imposition of a tax on land values which shall force out the speculators and open the land to home seekers and producers. We congratulate Mr. Albendin and foresee much good resulting from his work.

Will our friends send us lists of Single Taxers in their cities and towns. Ask them if they subscribe to the REVIEW.