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A Caribbean Denmark

JAMAICA is a small island, far away, but its Government's decision to start taxing land values as from the beginning of last month in those parishes for which the valuation is complete has more than local significance. As the beneficial consequences of the new system begin to show, other islands in the West Indies Federation are likely to notice and some may follow suit with similar measures. No doubt other Caribbean territories, independent and Colonial alike, will watch Jamaica's progress with interest and make enquiries as to its cause. To mention only the first that come to mind, Cuba, Haiti, Puerto Rico, British Honduras and Guatemala need the taxation of land values certainly no less than does Jamaica. We and our readers will do everything possible to ensure that Africa and Asia also learn of this fundamental attempt in the Antilles to tackle problems which torment people in many lands.

Chief Minister Norman Manley's recent announcement in the Jamaican Parliament of his Government's decision is extensively reported in this issue. Wise and courageous though it is, it contains a serious flaw. We should be failing in our duty if we neglected to criticise the provisions (under the Property Tax Law) for exemptions and the imposition of tax at graduated rates.

The rent of land is a publicly created value to which no member of a community has any greater or less right than another. The taxation of land values is a measure of justice, not a mere device for collecting revenue or stimulating development, important and desirable though those aspects are. This object can be achieved, however, only if all land value is taxed at a uniform rate. But, as matters stand at present, four people or companies who hold £1 million worth of land are to pay—and rightly—several thousands of pounds a year property tax on the land value of their holdings; six hundred or so who together hold a further £1 million worth will collectively pay much less, and 30,000 who hold between them £1¼ million worth of land are to pay no property tax at all.

This may break up large estates (though that is not invariably desirable, since for some types of economic activity the large unit is the most efficient and profitable)

and it will deal a striking blow against speculative withholding on the grand scale. Nevertheless it flies in the face of the just principle on which land-value taxation rests of contribution in accordance with advantages enjoyed.

There is yet time for the Jamaican Government to think again on this question. Its unfortunate policy is based on a recommendation made by the eminent Australian valuation authority, Dr. J. F. N. Murray, who was called in by Mr. Manley to advise on how the taxation of land values could be introduced. It may be fair to assume that Dr. Murray's thinking and recommendations were influenced by his experience of Australian practice in applying the State Land Taxes (but not local rates) in a similar manner.

On the strictest interpretation one could cavil at the provisions governing payment of parish rates on the least valuable holdings. Holders of plots worth £10 and £100 will both pay a purely nominal annual rate of 4s. In view, however, of the practical considerations which Mr. Manley mentioned, and the smallness of the sums involved, this blemish is relatively unimportant. Even so, one hopes that in due course it will be removed. The Government's courage in deciding that even the very smallest holders shall pay at least something, deserves the warmest commendation. One can imagine the alluring political temptation to exempt them. Such enlightenment encourages hope that present flaws may be eradicated later.

THE decision—taken on practical grounds—not to proceed with the valuation of buildings and other improvements is of outstanding importance. As recently as last October the hope was expressed here that this provision in the 1956 Land Valuation Law would be repealed.

The decision is welcome for three main reasons. First, since man-made improvements are properly private property which it is morally wrong and economically harmful to tax, there is no case for using public money to assess their worth.

Second, by not valuing improvements, the Government spikes the guns of Sir Alexander Bustamante, the Opposition leader who pledged himself (November 1956) to

"smash up all these [land value] Bills" on his return to power. However much he may wish to tax buildings, Sir Alexander will be unable to do so if no improved valuation exists if and when he next is Chief Minister. Such a valuation would take years to make and before it was completed political fortunes might well change. Thus, by the decision to abandon the valuation of improvements, the land-value system is afforded some protection against political attack.

Third, practical experience in Jamaica that it is quicker and easier (it is also cheaper) to assess land value than the value of improvements demolishes one of our opponents' principal bulwarks. As readers will recognise, this is a propaganda point of first importance.

LIBERATION of the Jamaican people from the tentacles of land monopoly and the crushing burden of taxation has been the goal of Mr. Manley and his People's National Party since long before the historic report of the Bloomberg Commission was published in 1944. This recommended unanimously that "the present system of land valuation be changed and that the unimproved value be taken as the basis for land taxation, for urban, suburban and rural lands".

The Bustamente administration took no steps to implement the Commission's proposals. Instead, it decided to promote a new enquiry and invited Professor J. R. and Mrs. Ursula K. Hicks to the island. Mrs. Hicks was a member of the "Simes" Committee which reported against the rating of land values in Britain in 1952. Both she and her husband are opposed to our policy. Their "Report on Finance and Taxation in Jamaica" was published in 1955 a few months after Mr. Manley's administration had been installed. As had been expected, it went in a different direction from that followed by the Bloomberg Commission. Indeed, these two experts went to far as to claim that the result of shifting taxation off buildings and on to land values, "could hardly fail to be, on the whole, in the direction of laying less taxation on the rich and more on the poor".

Disdainfully the Manley Government put the Report straight into a wastepaper basket, setting an example which

the New Zealand Premier, Mr. Walter Nash, may care to follow with the reactionary Report of the Royal Commission now on his desk. The Government of British Guiana would be well advised to do the same with the 1955 Report on Local Government prepared for it by Mr. A. H. Marshall, the City Treasurer of Coventry. This repeats the curious allegations contained in the Hicks' Report.

CONFIDENTLY we expect the new move in Jamaica to improve the condition of the poorest people, to open up new jobs and to lead to increased production and a more equitable distribution of the wealth produced. It should solve some problems and make easier the solution of others though the full benefits cannot be enjoyed while imports are heavily taxed and, in some cases, prohibited, and other obstacles and distortions are maintained. Nevertheless, tangible benefits ought to be discernible within a matter of months, and to increase as the land value system extends across the Island.

We expect, too, that many of the Jamaicans who emigrated to Britain—among them some of the Island's most enterprising sons as well as the most despairing—will return home. This will ease racial tensions in Nottingham and Notting Hill.

Beyond that, events in Jamaica seem unlikely to have much direct bearing on the British scene. But if, as we believe and must hope and pray, incentive taxation is permitted to exercise its genial influence on the Jamaican economy, land-value taxation advocates in Britain and elsewhere ought to be able to enlist the support of some of the finest people in society. We refer to those in the churches and the political parties who are so deeply concerned about the welfare of people in the so-called "backward countries" in Asia, Africa and elsewhere. It will be possible to show them that an attack on land monopoly and wrongful taxation brings succour to the needy in a way which no amount of governmental gifts or loans or technical aid can achieve.

Jamaica has before her exciting opportunities and great responsibility. On behalf of our readers all over the globe we salute her and send warm greetings.

NOTES OF THE MONTH

Gift Horse With Dentures Mr. Amory's Pre-Election Budget

POPULAR press claims that Mr. Amory gave away hundreds of millions of pounds in his April 7 Budget, unfortunately, are not true. Instead he proposed that during the financial year just started, taxpayers collectively should hand over to the voracious State (which today demands even more than when the Socialists were in power) the enormous sum of £5,110 million. This is to be collected by a host of harmful, wrongful imposts on the rewards and results of labour in the all-too-familiar manner.

The Chancellor offered no explanation as to why he

proposed using the taxing power as an engine of destruction and an instrument for preserving sectional privilege. Surely the House was entitled to one? Without at least attempting a plausible-sounding justification, no Chancellor should be free to propose taking people's earnings while the public revenue—the annual rental value of land—remains in private possession.

Judged by less exacting standards than ours, Mr. Amory's Budget was in many ways a "good" one. Income tax is to be imposed at lower rates this year (standard