

## INTERNATIONAL UNION NOTES AND NEWS

### Celebration in Denmark

Heartly congratulations are conveyed to the Danish Henry George Union on the attainment of their 50th Anniversary. An impressive celebration took place on March 2 at Vartov, in Copenhagen, attended by members from all over the country. The Secretary, Mr. Dan Björner, bidding welcome: Among those present were the 84-year J. L. Björner and the 87-year V. Milthers, two of the original founders and to them special homage was paid. The journals *Grundskyld* and *Vejen Frem* gave full and inspiring accounts of the proceedings. The daily press was generous in its notices. But the great triumph of the meeting was the carrying of its message to the whole Danish people in the transmission of three addresses over the national broadcasting system. These were the addresses of the veteran J. L. Björner, of K. J. Kristensen, the chief of the Central Valuation Department, and of P. C. Pedersen, the President of the Union. Mr. Björner's eloquent and stirring words on the growth of the movement and what it stood for, Mr. Kristensen's informing talk on the Danish land-value-legislation enacted on Henry George lines, and Mr. Pedersen's exhaustive explanation of the Henry George teaching, combined to complete a convincing appeal to popular understanding and support.

At the celebration particular mention was made of the forthcoming International Conference, of which, with the International Union, the Henry George Union are joint organisers. Mr. Arnold Poulsen in his speech exhorted all to enrol. The proceedings lasted till a late hour and among the many who took part were Mrs. Caroline Björner, Messrs. Hans Hansen and Oluf Pedersen, Members of Parliament, and Mr. Mads Sig Steffensen, Member of the Upper House.

To this festive occasion messages of congratulations and good wishes were sent by Mr. J. Rupert Mason, President of the International Union; by Mr. A. W. Madsen, Secretary of the International Union and of the United Committee; and by Mr. Robert Clancy, Executive Director of the Henry George School of Social Science in New York.

### News from the Argentine

It has been gratifying to have a letter from Mr. Romulo S. Cobanera, of La Plata, who sends a warm greeting to the International Union and good wishes for the success of its work. Mr. Cobanera has long been attached to the Henry George movement and was a leading spirit in the "Liga para el Impuesto Unico" (The Argentine Single Tax League) which has latterly been in abeyance, because of the political handicaps it has met with. But loyal to its ideas, Mr. Cobanera has maintained his literary activity. Three of his own publications came with his letter. They are his two books, published in Spanish, entitled respectively "Absolute Democracy" and "Liberty, Liberty, Liberty." The former deals with the principles which Democracy upholds and the principles which it rejects, the chapters covering—Free Trade and Democracy, the Democratic State, the Anti-Democratic State, Morality in Politics and the Principle of Sovereignty. The latter is an essay on Liberty as the "imperative condition for human life."

Thirdly, there is a reprint of the Oration delivered by Mr. Cobanera on November 24, 1951, when he paid homage to the memory of his friend and our well remembered colleague, the stalwart and faithful Dr. Felix Vitale, who had died twelve months before. We hope that this excellent literature is finding acceptance in influential circles in the Argentine. We shall be glad to procure copies for any of our interested readers who are acquainted with Spanish.

### The Pennsylvania Example

A leading article in the *Sacramento Herald*, January 25, states that staid and conservative Eastern Seaboard States are beginning to look with favour on the Henry George Single Tax theory. "Connecticut is the latest State to decide to offer industry inducements in the form of tax on land only, with the buildings and equipment being tax free." The *Herald* goes on to describe the legislation in Pennsylvania whereby Pittsburgh and Scranton tax buildings at half the rate levied on land values, and whereby 47 more Pennsylvania cities have the option to reduce or eliminate the taxation of buildings by transferring their taxes on the value of land alone. The article concludes with these words: "Whether or not other States will consider a similar policy remains to be seen, but one aspect of the single tax theory ought to be demonstrated quickly enough. When the land itself is taxed, rather than the buildings or improvements located upon it, a speculator can hardly afford to hold his land in idleness while he is waiting for the energy and enterprise of others to build office buildings or factories or apartments (houses) around his idle land and thus make it valuable. He must put it to some use himself or he cannot pay his taxes."

### Land-Value Rating in South Africa

In the important South African journal *Municipal Affairs*, January issue, Councillor E. J. Evans, of East London, has an informing article extending over more than five pages in which he explains and justifies the Rating of Site Values. It is addressed in particular to the ratepayers and councillors of the municipalities where the old-standing system of levying rates on the composite subject (land and the improvements taken together) has not been amended. They should make use of the powers which municipal law gives them in each of the Provinces to take rates off buildings and improvements and place them upon the site value of land. How far this reform has been carried is shown in the figures the author has culled from the 1949/50 edition of the South African Official Municipal Year Book. Of the 287 municipalities, 101 levy a lower rate on buildings and improvements than on the value of land (so that the building rate is at least half of the land-value rate) and of these 101, there are 23 municipalities which exempt buildings entirely by deriving their rate-revenue from land values alone. The reform has gone farthest in the Transvaal, because there the Site Value Rating system is in part obligatory, the law requiring that there must be an initial rate of 1d. in the £ of the (selling) value of the land, and no rate can be imposed on buildings unless it is accompanied by an equivalent rate on site value; in that way the

local taxation on buildings may be made as low as desired or be eliminated altogether. The position in the Transvaal is that of the 53 municipalities, 17 of them (headed by Johannesburg) levy their rates on site value alone. In the other provinces, adoption of the Site Value Rating system, in partial or in complete relief of buildings, is wholly optional, resting on resolution of the local Council or (in Cape Province) on a referendum of the ratepayers, if that be called for. Under these optional powers, Site Value Rating is now in force in 16 of the 55 Orange Free State towns (led by Bloemfontein); in 26 of the 35 Natal towns (led by Durban) and in six of the 144 Cape Province towns (led by East London).

Regarding East London, the aggregate assessment of the town, according to the Municipal Year Book of 1950/51, is £4,467,750 selling value of land and £13,621,695 selling value of improvements. The rates are 1s. 3½d. on the site value and ¾d. in the £ on value of improvements. It will be seen that, for the whole town, the relationship of the site-value to the composite value (land and improvements) is as 100 to 405 approximately. Here is the factor which tells whether any given property-owner will pay more or less if the town were to abandon site value rating and go back to the levy of a "flat rate" on composite value. If the relationship land-value to composite-value is less than the average for the whole town, he will pay less; if it is greater, he will pay more; how much more or less being easily computed. Obviously, where the improvement is a relatively high proportion of the composite value, the higher it is, the greater the "benefit" from relieving buildings from taxation.

The significance of Councillor Evans's article is the demonstration he gives of the system in practical operation. He illustrates the promotion of industry citing the twenty largest concerns in East London, situated as they are not at the centre of the town but on its outskirts. The aggregate site value is £73,370 and the aggregate composite value is £753,370. The annual rates levied amount to £9,777, but if the town were to go back to the "bad old system" of the "flat rate," the annual burden would be £17,093. If the town were to go forward to site-value rating only, the rate-contribution would be £6,421.

An illustration with regard to housing is taken from an investigation in 1949, of the houses the municipality built for returned soldiers. Twenty-five of them, taken at random, had an average site value of £178 and average composite value of £1,736. Average annual rates per house were £16 11s., but if the town "went back," the rates would be £34 14s.; if the town were to have site value rating only, the rate-burden would be £13 4s. As things are, there is an annual saving of £18 3s., equivalent when capitalised to no less than £454 per house. A great advertisement—come to East London, build your house here!

Without exhausting the argument in this article, we cite the experience of Cambridge, the town adjoining East London and amalgamated with it in 1942. In 1863 the British Government had settled a number of German immigrants there in 20, 30 and 40-acre plots and with them as land monopolists, the growth and expansion of East London was impeded. The spread of the population in Cambridge was such as

to increase the cost of any municipal development. In 1919 Cambridge went all out for Site Value Rating and the population which was 2,500 in 1914 is now over 13,000. A process of "in-building" set in. Intervening vacant plots were released to those desiring to build. It had been impossible, because far too expensive, to provide sewerage to a much thinned-out population; but now with the vacant spaces filled up and the capital outlay per plot very much reduced, the sewerage so long delayed is being installed.

Councillor Evans's contribution is very timely. It should carry much weight in influential circles and should help him much in the approaches he is himself making to bring within the fold such municipalities as Cape Town, Port Elizabeth, King Williamstown, Grahamstown and Queenstown where attention is being well awakened.

### Report from California

The Commonwealth Club of California is an influential organisation drawing its considerable membership from leading men in the business, professional, academic and administrative world. Its objects are to investigate and discuss problems affecting the welfare of the Commonwealth and to aid in their solution; to maintain itself in an impartial position as an open forum for the discussion of disputed questions. Its weekly journal, *The Commonwealth*, is published from Hotel St. Frances, San Francisco, and in addition it issues the reports of its *Transactions*, which since 1903 make altogether 46 volumes.

With *The Commonwealth* of January 21, we welcome the report of the investigation by the Club's Governmental Finance Section into the "Tax Problems of Cities." It is a brochure of 28 pages containing the results of a study that has extended over fourteen months during which speakers holding many diverse points of view have been heard. The report does not itself make any specific recommendations. Its value lies in its concise and impartial presentation of the arguments for and against systems of real estate taxation, including or exempting improvements; taxes on personal property, on sales, on incomes and by charges on municipal services; for and against federal or state subventions to lower municipal taxation. The whole makes an instructive compendium for the student of public finance.

The Chairman of the Section, Mr. Louis J. Kroeger, summarised fairly what the proponents of land value taxation submitted: "Taxes on improvements, personal property, sales and incomes discourage production and trade. Such taxes have greatly increased, weakening the productive incentives of capital and labour. We should begin untaxing industry and thrift. Land is not humanly produced. Taxes on land values cannot check the supply of land nor discourage the use of land . . . . A tax upon land value encourages the holder to use it himself or to secure a tenant who will use it in order to get an income from which to pay the tax . . . . In California in 1935 about 60 per cent. of all public revenue (federal state and local) was paid by the owners of real estate. With the growth of other taxes, this figure fell to about 8 per cent. in 1945. During the same period, the price of land in cities has skyrocketed. Land has not been 'burdened' by taxa-

tion, or its cost to home, shop and industry could not thus have increased." The statement called attention to the successful operation of land value rating in Australia, New Zealand, South Africa, Denmark and Pennsylvania, and to the recent legislation in the last-named empowering 47 cities (besides Pittsburgh and Scranton) to give it effect.

The brochure contains the text of several addresses that were given before the Section engaged in general discussion. Among them we applaud the contribution by Mr. Robert Tideman, San Francisco director of the Henry George School of Social Science, who raised the argument from the fiscal to the moral plane in his excellent talk on "Property Taxes and Other City Taxes versus Single Tax." In the discussion he was supported by Mr. J. Rupert Mason and Mr. Joseph S. Thompson, the latter the President of the Pacific Manufacturing Corporation. Mr. Mason said, "Those who oppose raising public revenue by *ad valorem* land taxes are putting themselves in bed with Socialists. They are unwittingly advocating the socialisation of earned incomes and the fruit of man's work by taxation." Mr. Thompson said, "Each of us knows what his own personal and private earned income is. Did we ever think that there is a public earned income, a creation of all of us as a mass for which no one of us is responsible? If we knew we were justified in taking what we create as the people, we would not collect from those who create, who labour, who organise, that return which should stay in their pockets. A tax on industry is a fine. When we tax industry we drive it out of the city."

*The Tax Problems of Cities* is on sale at 25 cents. We will endeavour to procure copies (2s. 6d., post free) for any readers desiring them. Mr. Rupert Mason informs us that copies have gone to over 7,000 influential persons in all fields and in every continent.

### French Fiscal History

M. Max Toubeau, General Secretary of the French Ligue pour la Reforme Fiscale et le Libre-Echange, addressed the Joint Committee of the Republican, Radical and Radical Socialist Parties in his home town of Meudon, January 13. He discussed the whole question of taxation and gave an interesting historical survey.

When in 1790 the members of the Constituent Assembly decided to have recourse to taxes on landed property to provide four-fifths of State revenue their decision was based on facts shown in the record books of the States-General which had carried out an enquiry into opinions on the subject of taxation. These records show that nearly everywhere the people demanded that indirect taxes and taxes bearing upon production and trade should be abolished, together with the equally unpopular tithe, all these to be replaced by a few taxes only, resting on indisputable principles and easy to collect, the first to be a tax on landed property. The records for some districts even proposed the introduction of the *Impôt Unique*, the land value tax which Vauban had suggested earlier under the name of *Dime Royale*, or Royal Tithe. This *Impôt Unique* was the measure which the philosophers called Physiocrats had been advocating up to the eve of the Revolution.\*

Several men well-versed in Physiocratic doctrine, notably Dupont de Nemours,† sat in the Constituent

Assembly when, by the law of November 23 and December 1, 1790, it instituted a tax on landed property generally interpreted as *revenu net*, or economic rent. Of the total State budget of 300 million francs the Assembly intended raising 240 millions by this tax, the balance to come from personal contributions and levies on movable property. This illustrates what supreme importance was attached at this period to land tax as the basis of fiscal policy. The proposed system was to be completed by a cadastral survey.

Unfortunately the many difficulties which ensued, particularly wars and the huge expenditure they entailed, checked the financial reforms of the Revolution. Eventually the counter-Revolution raised its head and in financial as well as many other spheres has never ceased influencing events until little by little the efforts of the men of 1789 have been brought to nothing. In 1947 the tax on land exclusive of buildings brought in only 1½ milliards of a budget of 600 milliards. In 1950 the Finance Minister regarded this tax as a mere speck not worth the labour of collecting.

As early as the time of the Directorate indirect taxes started to creep back. Under the First Empire they were resurrected wholesale although these Combined Taxes, as they were called, were very unpopular. When the Allies entered Paris in 1814 their supporters celebrated Napoleon's departure by shouting, "Down with the Combined Taxes!" and on his return from Elba Napoleon promised not to bring them in again. The restored monarchy changed the name but kept the substance. The Combined Taxes became Indirect Contributions which throughout the nineteenth century continued to grow while land taxes correspondingly shrank.

These developments did not pass without protest or criticism. About the middle of the century Proudhon, in his *Theory of Taxation*, analysing the defects of both direct and indirect taxes then in operation, shows respect for one tax only: the tax on economic rent. He considered it just to impose this tax, but thought it sufficient to make it one of the essential elements of fiscal policy, not the sole source of public revenue.

M. Toubeau concluded with a statement describing the progress other countries had made in applying the land-value tax principle.

\* Marshal Vauban (1633-1707), the renowned military engineer, was also a social philosopher who petitioned Louis XIV in favour of religious toleration. His *Projet d'une Dixme Royale* appeared in 1707, the same year as the *Factum de la France* of Boisguillebert, another precursor of the Physiocrats whose original leader, Dr. Quesnay, lived 1694 to 1774.

† Dupont de Nemours (1739-1817), had edited Physiocrat periodicals and worked under his friend, the Physiocrat Turgot, in administration. Dupont showed exemplary fortitude when imprisoned by the terrorists; he refused to serve Bonaparte and eventually emigrated to America.

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