

Land Valuation in Jamaica

Difficulties are being encountered—and surmounted

THE Jamaican Land Valuation Bill was described, and its passage through the Colony's Parliament was reported in our February, 1957, issue. During the debate, Mr. Norman Manley, the Labour Party Chief Minister said, "small farmers will welcome this measure with joy. At long last they will not pay taxes on their houses; they will not pay taxes on their fruit trees." The Conservative *Sydney Morning Herald* endorsed this view in the report we reprint here from its March 17 issue. This brings the story up-to-date, telling how an Australian Public servant has been engaged in making a valuation on the Australian pattern.

"Back home in Sydney this week after 21 months of hectic work in Jamaica the Public servant, Mr. John Copes, was able to take his first detached look at the progress of the island's new land valuing system. Three years ago Jamaica appealed to UNO for the services of an adviser under the Technical Assistance programme to make a report on the feasibility of introducing land taxation on the basis of unimproved land value. The sort of thing they had in mind, they said, was a system like those in Denmark, New Zealand and Queensland and N.S.W.

"The task fell to Australia and in April, 1956, Dr. J. F. N. Murray, chairman of the Federal Valuation Board, went over to report. On the groundwork of his report, Mr. Copes has ever since been introducing the system, neither as simple a matter as it may sound nor a mere Government procedure remote from the everyday lives of Jamaicans. To begin with, the new system involved legislation and, following hard upon that, the creation of machinery to implement it. Mr. Copes himself became Commissioner of Valuations at the head of the new Division of the Jamaican Ministry of Agriculture and Lands.

"To the Jamaican smallholder, taxation on unimproved value provides an incentive to develop his land in the knowledge that his work will not mean higher taxes.

"Mr. Copes bought equipment, engaged personnel and helped to train them, then set out into the bush to start valuing in the field. For several reasons it is not easy to determine unimproved values on an island like Jamaica where development has been very mixed. You have towns both large and small, mineral extraction areas (specially since bauxite was discovered), large estates and plantations; but at the same time there are countless small holdings marked only by invisible lines running between trees and established by custom ever since the time when freed slaves left the plantations on the plains and squatted on land in the hills.

"Primarily Mr. Copes had to make a careful analysis of Jamaica's economy. In the field he and his assistants have to compile the first-ever maps of small holdings. Mapping and valuation proceed hand in hand, and when

Mr. Copes left Jamaica only one parish out of 14 was nearing completion. As the process gathers pace Mr. Copes is quite prepared for disputes over ownership, and appeals against actual valuations, disputes and appeals in which he becomes the unhappy first-stage arbiter.

"Unimproved value means the value of a block of land in the light of its quality and setting, but does not ignore the improvements that have taken place around it. A railway running nearby obviously affects the value of land.

"It is difficult enough to put this point across in Australia; in Jamaica it has been even worse. Consequently another part of the programme was to educate the public. The Government produced colourful brochures, films, broadcasts, and to produce them they had to call yet again on the skill and experience of their Australian expert. Not that Mr. Copes thinks of himself as an expert. 'You accumulate the knowledge over the years, y'know,' he said modestly.

"Over the years Mr. Copes has been an estate agent, an Army hirings officer, an employee of the Commonwealth Bank and rating specialist for the Federal Government. Until he left for Jamaica he was editor of *The Valuer*, the official publication of the Commonwealth Institute of Valuers.

"The completion of the present work in Jamaica will take another three years, Mr. Copes thinks, and he has agreed to return in June to continue as commissioner for one year more. After that he will become a normal Australian Public servant once again. Jamaica will be able to carry on the work he began and his temporary employer, UNO, will have completed another project."

WEST GERMANY—Local Taxation on Buildings and Improvements

REFERENCE by Mr. William Ainsley, M.P., to the Land Tax in West Germany in the course of the second reading debate on the *Local Government Bill* last December 9 was taken by Mr. C. W. Gibson, Labour M.P. for Clapham, to mean that local taxes in West Germany are levied on the site-value basis. Hansard for that day (Col. 991) reports him as having said:

"The Minister said he could not see any possibility of any new source of revenue, but if he had looked hard enough he would have seen examples in Denmark, for instance, in most of the countries of the Commonwealth, and, according to one of my hon. Friends, in Western Germany, where a large proportion of local income is raised from local rates on land values."

This interpretation does not appear to have been refuted during the debate.

The Embassy in London of the Federal German Republic referred us to the British Embassy in Bonn from

whom we have received letters as follows, dated February 27 and March 18 and signed by Mr. R. A. Farquharson, First Secretary, Commercial Department:

"It is quite true that there is a Land Tax (*Grundsteuer*) in the Federal Republic but this is levied by the municipalities and not by the Laender (State) Governments. In 1956, revenue from this source amounted to DM 1,404 million out of a total tax income of the municipalities of DM 6,114 million. For purposes of comparison, the total income from all taxation levied by the Federal Government, the Laender Governments and the municipalities in 1956 amounted to DM 46,968 million.

"The yield from the land tax varies considerably throughout the Federal Republic. In 1955, for example, municipalities in Schleswig-Holstein (a predominantly agricultural area) received DM 101 million from this source while the yield in highly industrialised North Rhine-Westphalia in the same year was DM 1,347 million. In considering these figures it is, of course, necessary to bear in mind that Schleswig-Holstein has only half the physical area of North Rhine-Westphalia with a population (on December 31, 1955) of 2.28 million as compared with 14.86 million.

"The '*Grundsteuer*' is levied annually by municipalities and is paid by the owners of land and buildings. The basis of the tax is the taxable value of the land; and this is generally low having been fixed in some cases as far back as 1936. The rate of taxation varies from 1 per cent to 4 per cent depending upon the classification of the land in question and on the rate decided upon by the individual municipalities. There is also a Land Acquisition Tax (*Grunderwerbsteuer*) which is levied by the Federal Government although part of the proceeds go to the Land Government and municipality involved. The tax, which is paid on the transfer of real estate from one owner to another, is usually at the rate of 7 per cent reduced to 6 per cent if the transfer is made to a Company in exchange for capital stock. The tax itself is, of course, levied on the agreed sale price for the real estate in question or, alternatively the value of any consideration received in exchange."

In his second letter, Mr. Farquharson explained: "For the purposes of the German *Grundsteuer* the taxable value of the land includes buildings and/or improvements. The tax is levied whether or not the land is used but exemption may be claimed for bombed sites if income derived therefrom is low."

"Black Market" in Sites

Freedom Wanted but Speculation Feared

The operation of the Land Acquisition Tax (*Grunderwerbsteuer*) was discussed in a recent press report translated by Mr. Erich Zincke, a LAND & LIBERTY reader in Hannover. According to this report, the present "price stop" on the selling price of sites is likely to be removed. Such action is favoured by the F.D.P. (Liberal Party). A Federal Building Law is expected to come into force two years hence but in the intervening period there are popular fears of rampant land speculation. Two S.D.P.

(socialist) M.P.'s have urged the Federal Housing Minister not to restore a free market in sites without simultaneously ensuring that speculation would be impossible.

A landowner's organisation in Lower Saxony is reported to doubt whether in fact land prices will rise when the "price stop" is removed. This is because at present there is a "black market" in sites. Land is being sold at above the permitted price, documents are being falsified and, since the Land Acquisition Tax is levied on the figure recorded, the revenue is being defrauded. Vendors and purchasers thus have a mutual interest in lawbreaking although under a recent court ruling, the vendor stands liable to refund the purchaser's "black" payment even where he has been "seduced by the purchaser's promises, enticements, or appeasements" to enter into a "black" transaction. The Saxon landowners regard this as an additional reason for restoring a free market. By that means, fraud would be eliminated and those landowners who do not care either to break the law or accept a 1936 price for their holdings would be likely to offer land for sale.

Here, surely, is a strong case for the taxation of land values. The present restrictions are flagrantly discriminatory. They foster fraud and deceit, raise the price of land and inhibit development. They should be swept away. A land-value tax would increase the market supply of land, reduce its price, stimulate development and make speculation impossible. The new, generally lower prices of sites would be known to the Government, the local authorities, vendors and purchasers. Homes, shops, offices, factories, etc., are socially desirable. They should be cheap and plentiful. Wrongful taxation makes them scarce and dear. A tax on land values would have the opposite effect.

SWAZILAND—A Memorial to Frederick Verinder

Miss Frances Verinder writes from Cape Town

MEMBERS and friends of our Movement who are not so young may be interested to know that, in far-off Swaziland, there is now a "living" memorial to Frederick Verinder.

In this Protectorate, under British rule, is to be found the Anglican Mission at Usuthu, an educating and training centre for Swazi boys and girls. On the Mission stands a primary school, but unfortunately, the little secondary school belonging to the Church was at Holy Rood, across the Transvaal border and thus subject to South African law. Hence, in 1953, under the *Bantu Education Act*, which provides "education for servitude" for the African, this school was closed by the Union government. Nothing daunted, the members of the Mission, with the scantiest of material resources, are now engaged upon building a new, and larger, Secondary School in Swaziland where, under the British flag, Africans are free to develop their talents to the full.

Among those served by this Mission are a number of very promising African boys and the Frederick Verinder Memorial Scholarship Fund, now established, will help

as many as possible of these lads to be educated in the new boarding school and, almost certainly in the case of some of them, then to be trained to serve in the Sacred Ministry of the Church of which Frederick Verinder was so loyal a member, or to follow some other vocation.

Writing about the building of a new Church to replace a mud building that collapsed in a storm, one of the mission priests strikes a familiar note. He says, "This part of Swaziland has seen as much of the bad side of European land-grabbing as any other part of the territory, and the common fear, outside the Church, was that we would put a fence up and call the land our own. Land

in Swaziland is still common and European ideas of private property have caused much suffering in the past. So we promised to put up no fence. Also we were careful to say that the Church would be put up by the Swazis for themselves, and that it was not a matter of white men putting up a building and then claiming the land on which it stood."

Surely the heart of one who spent most of his long life battling for the "dispossessed" in his own country would rejoice to know that his life has inspired this small effort to help even so few of the dispossessed of a still dark continent.

Two former Labour candidates—both farmers—discuss

Land Nationalisation—For and Against

A New Fabian Tract Critically Examined

FIVE years ago a section of the Labour Party was loudly demanding the nationalisation (by purchase) of rented farm land. Their proposals, never very clearly defined, were resolutely opposed by Sir Hartley Shawcross and the late R. R. Stokes, and others influential in the Party. Since then the matter has been largely in suspense. It returned to the political arena in February with the publication by the Fabian Society of Tract 312.* In this, two farmers, both former Labour Parliamentary candidates, argue the pros and cons of taking *all* farms into state ownership.

John Mackie contends that nationalisation would lead to agricultural land being put to its fullest use. It would be, he declares, a magnificent investment that would cost the country "practically nothing." He sees no reason why *tenanted* farms should not be taken over immediately. Harry Walston disagrees. There are, he submits,

"strong practical reasons why the *wholesale* nationalisation of land would result in inefficient administration, lack of confidence and opposition by farmers and by all those with ambitions to become farmers, and a general feeling of uncertainty throughout the whole farming community which could only have an adverse effect upon production."

This forthright denunciation is considerably vitiated by Mr. Walston's counter proposal that farms should be nationalised *gradually*.

There is a marked similarity of outlook between the two writers, despite their disagreement on the degree and timing of nationalisation. This, of course, is not surprising. Each is obviously a protectionist and it may be deduced that they both accept without question that agriculture should continued to be subsidised indefinitely. They both pride themselves on their "practical" approach to the question which resolves itself mainly into how best to improve farm management and to provide considerable fixed capital equipment. Their common object is to increase home food production.

Why is it so desirable to produce more food in Britain? To Mr. Mackie this is the way to save "scarce dollars" and to bring within reach a solution of "our economic problem." Mr. Walston takes a broader view. He contends that "world poverty is not simply that some people have too much and that, therefore others go without." He asserts that at present there simply is not enough, even if equitably distributed, to ensure reasonable standards for all. It is not quite clear whether he is referring to a shortage of wealth in all forms or only of food, but he is emphatic that "if world poverty is to be abolished, production must be raised." As we shall show, this is naive and as fallacious as Mr. Mackie's view.

THE RENT OF LAND

By concentrating attention on "practical" questions, the writers neatly dodge consideration of the fundamental issue which lies at the heart of agricultural no less than of all other domestic "problems." This is the private appropriation of the economic rent of land. The legal fiction that land rent, a communal product, is private property is tacitly accepted by both writers. This leads them to propose that dispossessed landlords should be compensated. Neither breathes a word against the monstrous wrong whereby a privileged minority is legally empowered to sequester the nation's income and, if it should suit them, to withhold the opportunity to work the land to which no man has any greater right than another. Any political commentator who, for whatever reasons, ignores this maladjustment thereby automatically forfeits all claim to respectful attention.

It is worth listing some of the consequences which, directly or indirectly, have their source in the private ownership of the rent of land. It was the direct cause of the agricultural distress in the past, as it is of the present subsidy programme. The hundreds of millions of pounds which have been taken from taxpayers with the express purpose of helping agriculture have found their way to the pockets of the landlords and those of their tenants

* Land Nationalisation—For and Against. The Fabian Society, 11 Dartmouth Street, S.W.1. 19 pp. 1s. 6d.