

Taxes," which has been circulated to the municipal authorities. In this he goes deeply into the subject, explaining the faults and injuries of the prevailing system, the benefits of land value taxation and describing the operation of land value rating in other countries. The August issue of the official *Bulletin* of the Technical Council of Economics and Finance contains a long article by J. V. O. Martina on the proposed legislation and its economic and ethical basis, quoting the writings of Henry George and other authorities. The *Bulletin* further contains the full text of the Bill.

In a covering letter Mr. Werneck expresses his indebtedness to the United Committee for the considerable material which was sent to him bearing upon the operation of the land value policy in other countries; and we are grateful to him for the copies we have received of his own translation, in Portuguese, of Henry George's *Progress and Poverty*, which was published in 1922 and is now in its 3rd edition. He has told us that the first edition was

greatly assisted by our good friend, Octaviano Alves de Lima, of Sao Paulo, "the father" of the Brazilian Georgeists.

"Now about the Reform," Mr. Werneck writes, "the fight is now raging in the Press and radio with strong pleas from both sides to the City Council. The land-owners are spending considerable money in the campaign and to mislead the people they say that the reform is backed by the Communists (who, in fact, really oppose it!). Will it pass through? We do not know. The Bill is now under discussion in the Finance Committee, after which it will be placed before the House for two Readings and voting. Among the various parties there is a division of opinion and twenty members of the Council have so far not taken any definite stand."

We await further reports with profound interest, realising that the question has been raised with such vigour and understanding that sooner or later the Reform must be enacted.

LOCAL TAXATION IN KENYA — Mombasa Emulates Nairobi

WE are indebted to Mrs. M. C. Layzell for copies of the *Mombasa Times* of August 5th and September 9th reporting the consideration given to the system of local taxation in that municipality. In the island area, that is to say in the town itself, the "site rate," whereby all rates are to be levied on land values only, takes effect in 1949. Up till now Mombasa has levied the so-called "differential rate" which distinguished between land and buildings so that the rate on buildings was lower than that on land values. Now buildings will be completely relieved. The question of extending the levy of rates over the mainland area, which covers approximately 15½ square miles, or nearly three times the area of Mombasa island was deferred pending further consideration by the Finance Committee. Preliminary work is required, including preparation of the records of land ownership and land transactions in the mainland area.

Mombasa now comes into line with Nairobi where, since 1921, the rates have been levied on land values only. Its action is in accordance with the recommendations of the (Plewman) Taxation Enquiry Committee which reported in 1947. These recommendations were printed in *LAND & LIBERTY*, February, 1948, and we recur to them later.

The resolution to adopt the "site rate" (in the island area) was carried at the meeting of the Mombasa Municipal Board on August 3rd, after an amendment to refer the matter back to the Finance Committee had been heavily defeated. The Chairman of the Committee, Mr. Collins, said there was no justification for rating improvements. After dealing with the benefits of the "site rate" system he said that it took between eight and nine months to prepare a valuation roll both for land with improvements and for land value alone, and he indicated that if a "site rate" were introduced, it would not only reduce that period by half but the work necessary would be reduced by more than half and, in his opinion, most of the work could be done in the office. It would assist the Board both in the handling of property and in the collection of rates. He estimated that a rate not exceeding 2 per cent, on unimproved site values would cover their requirements for the time being. Mr. G. I. Sutton, deputy chairman of the Finance Committee, said the Board had asked the views of the Mombasa ratepayers and there had been no response except from the Chamber of Commerce, who were of opinion that the "site rate"

would decidedly encourage development and, not only that, it would encourage the best type of development. Mr. Gordon White said the single tax system would act as an incentive to private enterprise and the landowner to improve sites which would lead to an easing of the housing shortage.

We give the following extract from paragraph 62 of the Report of the Kenya Government Taxation Enquiry Committee—the Plewman Committee above referred to:

"Under the site-rate system the value of land only is taxed, while under the differential-rate system, the value of the land and the value of the improvements are taxed, but at different rates. It is usually debatable as to which is the more productive system of rating, but under the site-rate system no penalty is entailed in the erection of new buildings or the improvement of existing buildings. A valuable incentive to property owners to improve their holdings is, on the other hand, withheld under the differential-rate system. Moreover, on a site-rate basis, the owner of undeveloped land may in all respects be said to bear his due proportion of the costs of communal municipal services. It conforms no less well to the revenue norms of elasticity and certainty; it is equally economical to administer and it might, in present circumstances contribute in some measure to the solution of the post-war housing problem. From the fiscal point of view and bearing in mind the present need to encourage development, the Committee favours the site-value system in the taxation pattern of the Colony, and the principle of levying a comparatively high rate on land, thus ensuring that it will not be left idle or insufficiently developed for too long, rather than the taxation of improvements."

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