

The new Canadian taxation to which the above resolution refers includes a five per cent. increase in the tariff on British goods and a seven and a half per cent. increase on other goods, also stamp taxes on various articles, and taxes on the note circulation of the banks, on the gross income of trust and loan companies, and on the net premiums of insurance companies. The new taxation is not to meet war expenditure, which is being raised by loan, but merely the current expenditure of the Dominion.

## THE AUSTRALIAN LAND TAX: ITS DEFECTS

### The Labour Party and its Amendment

The Australian land tax, drastic as it appeared, suffers from two defects—the exemption of estates of less than £5,000 value and the graduation of the tax which is a virtual exemption from taxation. These provisions make it possible to evade the tax to some extent, and they help to keep up the price of land because of the possibility of selling in small lots to persons who would be exempt from taxation. The Labour Party, though standing more or less strongly for the taxation of land values, has supported these two features of the Australian tax and embodied them in its platform by which every member of the party is bound. We need, therefore, make no apology for the following extracts from a speech on the new tax delivered recently by a member of the Labour Party in the Commonwealth senate:—

Senator Grant (New South Wales): The proposal to tax land values is part of the Labour platform, but the exact amount of the tax has been left to the discretion of the party in office. The first effort made in this direction was a very mild one, and proved quite ineffective to break up large estates. I venture to say that this Bill will also be ineffective. To my mind it will be a means of producing a paltry, insignificant amount of revenue. It is absurd to regard the Bill as one which will confiscate land values. It will do nothing of the kind, and I hardly imagine that anybody seriously believes that it will. We know, too, that the present progressive land values tax has not had the effect of reducing the selling value of land in the Commonwealth. It is more difficult to purchase land to-day than it has been at any period in our history.

Senator Findley: It would have been still more difficult if it had not been for the land tax.

Senator Grant: That is problematical. I am prepared to deny that it is easier to purchase land to-day than it was before the imposition of the tax. In my opinion, the land tax is not nearly heavy enough. I am glad to get even this small measure of land values taxation from the Government. It is very small. It is hardly worth talking about. I should have been pleased if Ministers had proposed a heavier tax, and if they had also proposed as a war tax the abolition of the £5,000 exemption.

Senator Senior: We are pledged to that exemption.

Senator Grant: We are not pledged to it when we desire to raise money for war purposes. I know that our party is pledged not to interfere with any land monopolist who owns an estate of less than £5,000 unimproved value. Personally I think that that is a great mistake, but it is the policy of the party, and it is therefore my policy. Adam Smith laid down the formula that a man should pay in proportion to his income, but that theory was exploded years ago. The proper method of taxation is to compel a citizen to pay in proportion to the value of the land that he monopolizes.

Senator Millen: This is not in proportion, because the graduated principle has been introduced.

Senator Grant: That is a slight defect which the next Labour Conference may remove. I hope then we shall have a straight-out land values tax with no exemptions or graduations of any kind. Admitting, for the sake of argument, that the proposed tax will confiscate a certain amount of the value of land, and depreciate its

selling value, it is obvious that, while the £5,000 exemption is retained, it will fall with great severity upon those who in the future may purchase land of less value than £5,000, and that the exemption is an effort made to enable the big landowners to more successfully disgorge their estates. This was made very clear some time ago in New Zealand, where a proposal was made to remove the exemption, which in that country is £500. The Government were at once waited on by the Bank of New Zealand Estates Company, who represented that the £500 exemption was absolutely necessary, because with it they would be able to disgorge their estates at a higher price to would-be purchasers than would otherwise be the case. If it is true, as the Opposition claim, that the tax is going to confiscate the value of an estate, the moment the tax is removed from any portion of the estate the value of that portion increases. Consequently, when a large estate is cut up into sections which will come under the exemption, the value of those small sections will be immediately restored to that which, as portion of the large estate, they possessed immediately prior to the imposition of the tax. The £5,000 exemption is, therefore, by no means a good thing so far as the poor landless man is concerned.

## AUSTRALIA

### The New Commonwealth Land Tax

An account of the rates of taxation imposed by the new Australian land tax appeared in last month's LAND VALUES (p. 242). A report of a speech of Mr. Hughes, the Attorney-General, in the House of Representatives was published in the BRITISH AUSTRALIAN of February 19th. This gives a different version of the new rates of taxation. Mr. Hughes said that:—

the proposed tax applied in precisely the same way as the present tax, the only difference being that 1-30,000th of 1d. per pound of taxable value. It was now 1-18,750 of 1d. per pound of taxable value. The last report of the Land Tax Commissioner set out the extent to which land monopoly had grown in Australia. This showed that 120 resident taxpayers paid £492,226 out of a total of £1,262,589. Half of the tax assessed to residents was paid out of 12,150 owners. Seven absentees paid 21-9 of the total assessed to absentees. Half of the tax so assessed was paid by 34 persons. If this was, as alleged, a class tax, it was because a mere handful of persons had been permitted to monopolise the most fertile and valuable lands of the continent.

As an illustration of what the new tax rates mean the following examples may be quoted:—

Unimproved value £6,000, tax £4 7s. 6d.; rate of tax, 1 4-75th of a penny. Unimproved value £10,000, tax £26 7s. 9d.; rate of tax, 1 7-15th of a penny. Unimproved value £15,000, tax £63 17s. 8d.; rate of tax, 1 8-15th of a penny. Unimproved value £20,000, tax £112 10s.; rate of tax, 1 4-5th of a penny. Unimproved value £25,000, tax £172 4s. 5d.; rate of tax, 2 1-15th of a penny. Unimproved value £35,000, tax £325; rate of tax, 2 3-5th of a penny. Unimproved value £45,000, tax £522 4s. 5d.; rate of tax, 3 2-15th of a penny.

## SWITZERLAND

Dr. Ed. Lautenbourg, of Thun, Switzerland, sends us the Annual Report for 1914 of the SCHWEIZERISCHE GESELLSCHAFT FÜR BODEN UND STEUERREFORM (the Swiss Land and Taxation Reform Society) for four years known as the Berne Society for Taxation Reform. The name was changed in 1914. No outside propaganda work has been done, meetings and discussions having been confined to members alone. Three lectures were delivered, the last of which (on "Land Reform in Australia") has been submitted as a Memorandum of the Society to the Federal Council, and should it appear in print copies will be sent to members.