

BRAZIL

Land Values Taxation in Practice

Most of our news of the South American movement has hitherto reached us in Spanish and has related to the Argentine Republic. We are now indebted to the courtesy of the South American Committee for the Single Tax (Buenos Aires) for a most interesting publication in Portuguese, issued officially by the United States of Brazil. It contains the text of an Act passed by the Representative Congress of the State of Santa Catharina, and two ordinances of the municipality of Itajahy in the same State. As these serve to show upon what lines legislation for the National and Local Taxation of Land Values are proceeding in Brazil, a summary of their principal provisions will be of interest to readers of LAND & LIBERTY.

Law No. 1231 (October 29th, 1918) of the State of Sta. Catharina converts (Art. 1) the present capital tax on properties into a Land Tax (Imposto territorial), which is to fall exclusively (Art. 2, 6) on the land, all fixtures, improvements, and vehicles and machines used in cultivation being exempted from this tax which (Art. 3) is to be at the rate of 1 per cent. per annum on the selling value of the land. In so far as the cadastral survey of the rural properties is not available (Art. 4) the taxpayer is to make a return, in form prescribed by the Treasury, of the area, value and situation of each parcel of land, with its title of acquisition, and other necessary particulars. The valuation for the tax to be levied in 1919 must be made in December, 1918, with a possible extension of time to the following February (4 ss. 1, 2). There is to be a general revision every three years, and a rectification on the occasion of the transfer, demarcation or division of the property. If the Government thinks it necessary (Art. 5) a small commission of municipal councillors and officials may be appointed to revise the valuations and to hear appeals; a further appeal lies to the Treasury. The selling value of the land is to be estimated (Art. 6) independently of all constructions and improvements which exist on the land, regard being had only to its situation and area. The valuation (Art. 7) is not in any case to be less than the valuation of the same land for the (repealed) "capital tax" on rural properties, nor than the current price of public lands in the same zone, nor than the value determined in the most recent deeds of sale, mortgage, etc. Certain lands are exempted from the new tax (Art. 20), viz., those belonging to the Union, State or municipality (unless they are leased), to religious and charitable bodies (so far as the lands are necessarily occupied for religious or charitable purposes), and the permanent ways of the railways. There are no other exemptions (Art. 9) and the minimum annual tax is three dollars. Proprietors or occupiers who fail to make the necessary returns for the initial valuation are to be officially assessed, and to pay a fine of 20 per cent. on the amount of the tax, with a minimum of \$20 (Art. 11). Penalties of from 100 to 200 dollars are imposed (Art. 15) on those who fail to supply information which may be asked for from time to time for the purpose of keeping the valuation up-to-date. If the amount of the tax exceeds \$100, it may be paid in two instalments (Art. 13). If not paid when due, it is subject to an increase of 10 per cent. for the first month, and of 20 per cent. afterwards (Art. 14). As soon as the yield of the tax exceeds a certain specified sum, the exportation duties on rice, sugar, manioc flour, and beans are to be reduced by one-half (Art. 21).

The two municipal ordinances, issued by the "superintendente municipal" of Itajahy (Senhor Marcos Konder) relate respectively to the "urban" and "rural zones" of the municipal area. They are drafted

on the same general lines as the State Act, but, of course, with the necessary local modifications. Law No. 87 (December 9th, 1918) imposes an Urban Land Tax of one per cent. on the selling value of land (apart from buildings and improvements) in the urban zone, and abolishes certain municipal taxes. Other taxes are to be reduced when the yield of the "imposto territorial urbano" exceeds \$40,000. Law No. 88 of the same month imposes a tax of one quarter per cent. "on the selling value of the lands outside the urban zone," in substitution for the tax on improvements. Certain other taxes are to be reduced as soon as the yield of the new tax exceeds \$10,000.

When Mr. R. C. Norman told the London County Council the other day that probably no one but Mr. Headlam now believes in Henry George, he was reckoning without the "superintendente municipal" of Itajahy, to whom the honour of initiating the above-described legislation is due. The pamphlet from which we have drawn our information contains, besides the texts of the three laws, two speeches by Senhor Marcos Konder: a speech in Congress (October 21st, 1918) in introducing the new State law, and a message to the Municipal Council of Itajahy at its Session of January 1st, 1919. Space does not permit of more than a portion of the later, and shorter, of these two eloquent utterances. Addressing the newly-elected councillors on the two ordinances lately passed by the old Council, he says:—

" . . . We have a vast and complicated fiscal apparatus, common to almost all the municipalities of the State, but which is condemned by modern economic theories, and ought to disappear for the good of the progress and development of the municipality. Among these taxes we must include all those that burden labour and hinder its expansion and take away its initiative. . . .

"To substitute for these imposts the only rational tax that exists—the taxation of the common patrimony, the land—ought to be the ideal and the preoccupation of all the public men who enjoy a share of power and really desire the benefit of their country and its people. I have not the time, nor do I consider it necessary, to defend this tax, preached by its author, the eminent apostle Henry George, nearly 40 years ago, and to-day accepted and proclaimed by the greatest economists of the new and old world. He only can argue against this tax who does not understand it; to understand it is to adopt it, said Tolstoi. But, in order to close the mouth against arguments that may be invoked against this tax, it is sufficient to say that the traditional England of feudalism and aristocracy is calling for the taxation of land, as the only efficacious method of giving a complete and satisfactory answer to the secular demands of the people and to the just claims of the proletariat. More: before Lloyd George, the land tax was already triumphant in the new world: in Canada, in Australia, in New Zealand. Of the 180 municipalities into which New Zealand is divided, 147 have adopted the Single Tax, i.e., they meet all their expenses from the receipts of a Single Tax upon the value of the land.

"We can cite, again, in South America—Uruguay, Argentina, and Bolivia, where this tax is being applied with success and general satisfaction. But why seek examples so far off, if we have here, close at hand, Rio Grande? In the neighbouring State, the land tax has been in force for some years, in substitution for the exportation duties; and municipalities like Garibaldi have also started on this path, which is the only one compatible with our democratic system.

"The example of Rio Grande do Sul is being followed by the States of Rio, Parana, S. Paulo, and, lastly, S. Catharina has resolved also to get into the swim. I had the honour to draft the law and to defend it in

Congress. My greatest desire now is to see this tax converted into a reality, for the benefit of the labour of my State, not in order that the worker may pay more, as, through ignorance or malevolence, is rumoured in the interior, but in order that he may pay less, in order that the exchequer may not continue to extort from him a dollar and a half for a sack of flour, 2½ dollars for a sack of rice, 3 dollars per sack of sugar, and so on, in order that he may be free from this formidable blood-letting, from the 8 per cent. which the State indirectly takes away from the products of his labour.

"If I find this measure an excellent thing for the State, I ought logically to desire it, with much greater reason, for the municipality that I administer. You can, then, appreciate my joy when the late Council, in their last sessions, resolved to join the movement initiated by the State, and to approve my proposal, by which there has been instituted among us also taxation on land, in substitution for three taxes within the urban boundary, and in place of the "improvement tax" in the rural zone.

"It was an extraordinary and a happy step that our Itajahy took, and I am certain that she will never repent of having taken such an initiative. In a short time the intelligently-directed municipalities of S. Catharina will imitate our action, and Itajahy will enjoy for ever the glory of having been the pioneer of this crusade, the head of this Revolution, but what a Revolution! THE GREATEST, THE MOST PEACEFUL, AND THE MOST BENEFICENT OF REVOLUTIONS."

The capitals are in the original from which I translate.

FREDK. VERINDER.

LABOUR HOUSING CONFERENCE

A national conference to consider "the Crisis in the Rating System" was held at the Memorial Hall, Farringdon Street, E.C., on November 29th, Mr. Harry Gosling, L.C.C., in the Chair. There were 285 delegates present, representing Borough Councils, Urban District Councils, Rural District Councils, Co-operative Societies, Trades Councils and Labour Parties, Trade Unions, and various other bodies, including the United Committee for the Taxation of Land Values, the English League for the Taxation of Land Values, the Commonwealth League, and Henry George Club (London).

The Chairman made a few brief remarks, and the Conference got to the business of discussing the resolutions. The first resolution—

That this Conference calls for a reform of the system of local taxation, the present incidence of which falls inequitably upon the occupiers of houses and business premises, and in order to ensure that contributions to the local rates shall be more in accordance with the benefits derived from local expenditure, this Conference suggests that local authorities should have power—(a) to impose a tax upon incomes, (b) to rate local site values.

This Conference further holds that for the purpose of assessing the local income tax, local authorities should have access to the information at the disposal of the Inland Revenue authorities; and that for the purpose of the site values tax, owners should be required to state the capital value, the local authority to have the option of purchase at the figure named—

was moved by Mr. Lloyd, of the National Union of Clerks.

The Chairman said that the Executive had decided to take the amendment by the Commonwealth League first as being more comprehensive. This amendment—

(b) To omit all words after "Conference suggests" (line 4) and to substitute the following:—

That the socialization of economic rent should be forthwith

assured, and the land rent fund be allocated to the municipalities per head of population—

was moved by Mr. Outhwaite and seconded by Dr. Pearson, but was withdrawn after a little discussion.

Mr. Fredk. Verinder, of the English League, moved the amendment:—

(a) To omit all the words after "this Conference suggests" and to substitute the following:—

That (1) a national tax be levied on all land values to meet the cost of national services locally administered, such as education, poor relief, main roads, asylums and police; and that (2) local authorities should have power to rate local site values and so relieve houses and other improvements from the burden of the rates.

Alderman Douglas, of Battersea, seconded. A good discussion followed, which was interrupted by an adjournment for lunch, an agreement being made that meanwhile the Executive, the movers and seconders of the resolution, and of the amendment, should draft a further resolution to put before the Conference.

After lunch the Chairman announced that they had agreed that the discussion should go on and a vote be taken. A representative of the Scottish Miners spoke very emphatically against the local income tax. The amendment was put and lost by 61 to 36.

So strong was the opposition to the local income tax that with the consent of the Conference the original resolution was amended to read so as to substitute after the words "this Conference suggests" the words (a) "that a share of national income tax be allocated to local purposes and (b) the local rating of site values."

M. T. D.

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