INTERNATIONAL NEWS

AUSTRALIA

Federal Land Tax

The latest (seventeenth) report of the Commissioner of Taxation for Australia, dealing with the year 1933-34, contains some interesting particulars about the Federal Land Tax. Our readers will recollect that the legislation embodies two objectionable features. One is that the first £5,000 of capital land value is exempt from taxation (except in the case of absentee landowners). The other is that the rate of taxation is strongly graduated. The tax on the first £1 of capital value in excess of the amount exempted is 1d., rising to an average rate of 2½d. per £ where the taxable value is £75,000, the excess over that figure being taxed at 5d. in the £. The rate on absentees is in all cases 1d. more than for a resident.

The rates of taxation after being raised during the war were subsequently reduced and are now, as stated above, somewhat less than when the tax was introduced in 1910.

The amount of land value which by reason of the exemptions escapes liability to the Federal Land Tax is considerable. A rough estimate of the unimproved value of land in Australia is £940 millions, and, as the value subject to this tax is only £256 millions, approximately 73 per cent of the land value is exempt.

One object of the tax was to procure the subdivision of large estates. This object has been partially secured. This return shows that since the Act came into force over £151 millions of unimproved value have passed out of the taxable field. This can happen in two ways: by the sale of land worth under £5,000 by absentees to residents; and by the subdivision of land held by residents into parcels worth under £5,000. The return unfortunately does not show the number of assessments at each range of values. The total number of taxpayers shows an increase between 1910 and 1933 from 14,920 to 23,317, which confirms that there has been some subdivision.

It is clear, however, that legislation of this kind is an imperfect method of achieving even this limited purpose, apart from the wider aim of land-value taxation in promoting the use of land generally and securing communal values for public use. A flat rate tax of, say, 2d. in the £ on all land values without exemption would have been much more effective.

Another point that emerges from the report is that the unimproved value of the land liable to the tax has in the 23 years from 1910 to 1933 increased from £184,446,000 to £256,045,000. To this however should be added the value of the land which has passed out of the taxable field. The value of this at the various times when it passed out was £151,225,000. It may be safely assumed that the present-day value is not less than this figure. Hence, the value in 1933 of the land originally liable to tax was at the least £407,270,000. The increase in value is therefore a minimum of £222,824,000, or 121 per cent. This gives some indication of the way in which land values in Australia have increased.

The Library of the Graduate School in Land Economics, Central Political Institute, Nanking, has been supplied on request with copy of the volume of *Edinburgh Conference Papers*. (This informing compendium on the Land Value Policy and Free Trade is obtainable price 2s. 6d. from our offices.)

POLL TAX IN EAST AFRICA

During the strike in a copper mine in Northern Rhodesia last May six men were killed and 26 wounded by rifle fire from the police. The cause of the strike was an announcement that the poll tax on the mine workers was to be raised from 12s. 6d. to 15s. with retrospective effect from January. Dr Norman Leys, reviewing the report of the Commission of Enquiry in the *New Statesman and Nation* (4th January), says the cause of the rioting that led to the loss of life was the bullying of the strikers by the police.

This deplorable incident appears to have been due not to any disorderly conduct on the part of the natives, but to "unnecessary and provocative" action by the police. An anterior cause of the strike itself seems to have been the failure of the Governor to comply with the general instruction to consult the tribal authorities before introducing any legislation affecting the interests of the Africans. In this particular case the increased tax on the mineworkers was offset by a reduction in tax on other natives, and as most of the taxes are in the end paid out of the mineworkers' earnings the total sum to be paid was not increased.

The whole system of poll taxes is objectionable and should be abolished. They have to be paid in money and the only source from which money can be obtained is by the native hiring himself to the mineowners. It is a device for securing cheap labour in the mines, for the natives do not desire to work in the mines and can keep themselves comfortably by working on their land.

Mr Leys says: "The Report gives 23s. 6d. as the average monthly cash wage of mineworkers, and 5s. to 12s. 6d. as what labourers on the European estates are paid. What makes wages, in Northern Rhodesia, practically the sole source of the poll tax money is the fact that no part of the country is nearer to the sea than two thousand miles, so that there is nothing for Africans to grow for sale and export—nothing at least that they have been told about. That is why wage-earners have in all East African countries to pay most of the taxes of relatives who grow the family food supply. Thus in Kenya, where the tax is 12s., the average tax money paid by the average wage-earner is 28s. By contrast, in both Kenya and Northern Rhodesia, Europeans have to pay hardly any direct taxation. An income of £900, for example, pays only £15.

"These African copper mines have international importance. Copper being one of the things of which the world produces more than it needs, production is restricted to keep up the price. And as the labour of an African paid ninepence a day is a far greater source of profit than the labour of an American citizen paid five dollars a day, one result of the African venture is that thousands of American citizens have lost their jobs."

So the evil consequences of this policy spread from one continent to another.

FRANCE

The Council of the Department of the Seine has on the motion of M. Georges Lemarchand adopted a resolution calling upon Parliament to give the Department power to levy a special tax for the purpose of recovering the increase in land value due to the making of highways, provision of means of transport and other public activities.

In an article in the *Petit Parisien* (17th September) M. Aristide Véran dealing with this proposal gives a