HENRY GEORGE'S REFORM IN PRACTICE—By F. R. Jones

English Version of Esperanto Radio Speech, Radio Roma, 28th November, 1951

In my two previous radio speeches I presented briefly the life of the great American thinker, Henry George, and I summarised his simple reform and its effects. Henry George died in 1897. Within a short time from that date there rapidly came into being a great movement which strives to urge governments throughout the world to apply his reform.

The essence of George's proposal is to open up the land of every country to full use by its inhabitants. At the same time all monopolies and all hindrances to production and exchange should be abolished. Then every man will be able to find work and without over-exertion will be able to satisfy his needs. The great potentialities of modern production will become fully effective. With no limitation of equal personal rights the whole people will become rich and prosperous.

The practical proposal of Henry George is quite simple and uncomplicated. To open up the land, it is necessary only to collect all land rents for the public. That will compel every possessor of land either to use his land fully or to surrender it to someone else to use.

The easiest method is to make use of the existing taxation system. Tax land values apart from improvements. According to the amount of revenue derived from this source, abolish the present bad taxes that impoverish and hinder the people. Do away with the many taxes on human beings, on personal incomes, on goods, on houses and other buildings, on everything that is the product of human labour.

The first necessary step to bring about the great change is a general valuation of the land. That can be easily and cheaply made. In the public valuation rolls a new column must be added showing the ascertained true selling value—or alternatively the yearly rental value—of each piece of land, whether used or not, and apart from any buildings or improvements on or in the land. The valuations must be based on the figures of actual sales and leases, compulsorily registered. They should be made public and kept up to date by frequent periodic revision.

After the completion of a general valuation of all land-units, the government can start the taxation of land values—a national tax for state purposes, a local tax for local public needs. For each land-unit the tax should be the same defined proportion of the land value. The majority of the land owners in fact will not lose by land-value taxation because under it they will gain by the simultaneous abolition of other taxes amounting to a greater sum. The total public revenue will be the same, but more will come from the owners of very valuable land and from the owners of areas of land now withheld from use. The effect will be to compel the best use of land and greatly to stimulate production.

The matter has long advanced beyond the theoretical stage. Many states already apply land-value taxation to some extent under Acts passed to give it effect. Among those countries in Europe is small but happy Denmark; in the Pacific Ocean the twin-island British autonomous state of New Zealand; in Australia—Queensland, New South Wales, Victoria, South Australia and West Australia (all self-governing states); in South Africa the neighbouring countries of Cape Province, Transvaal, Natal and Orange Free State; in East Africa, Kenya and Rhodesia; in Canada, the four provinces of British Columbia, Saskatchewan, Alberta and Manitoba; and, in the United States of America, the important rich state of Pennsylvania.

These states more or less apply in their taxation systems the principle of equal payment on equal land value within the taxing area. The landholders have to contribute to the public revenue according to the actual value of the land alone apart from buildings or other improvements on or in the land. They pay upon a separately made assessment of the land value. And the land-value tax imposed abolishes or reduces or prevents other taxes that would otherwise fall as a burden upon buildings and improvements, upon wages or industry.

In none of the countries named has land-value taxation been carried to the point of absorbing the whole value of the land for public purposes. And in those countries there still remain bad taxes, which overburden production and general life. But observe—already the true principle has been put in operation whether in small or large degree. Sufficient experience has been gained to provide a decisive answer to the questions: Can it work? Does it work? How does it work in practice?

To-day, the public man or the student wanting information and precedents concerning any side of the matter has an astonishing wealth of official material at his disposal. But here I can present only a summary of the legislation now in force:—

Denmark. Back in 1916 a general valuation of the land of this country was made, assessing the selling values apart from improvements of every landholding. Frequent revisions followed. Revaluations are now made every fifth year.

Under the Act of 1922, a small and uniform national tax is levied annually on the value of all landholdings, urban and rural. This yearly tax is now 6 thousandths of the assessed selling values, which means about one-eighth of the yearly values.

Another Act in 1926 applied land-value taxation for local public revenues, at the same time reducing to a lower percentage the tax on buildings and improvements. In the country districts the average level of the local taxes on land values now stands at more than 3 per cent. of the selling values (equal to about 60 per cent. of the yearly values). This has made possible a big reduction in local taxes on improvements and on personal incomes.

In the towns the local land-value tax is not so high as in the country. In Copenhagen it is nearly one per cent. of the selling values (equal to about one-fifth of the yearly values).

New Zealand. In town and country alike the values of all landholdings are assessed for the Dominion land-value tax. The levy of local taxation on land value depends on the decision of the taxpayers themselves. The Act of 1896 permitted the collection of the greater part of local revenues from land values. The Act of 1911 extended this permission to all local revenues.

Wellington, the beautiful capital, obtains its whole revenue by land-value taxation. All buildings and improvements are entirely exempt from local taxes.

This is true also of 148 other boroughs, counties and independent town districts. A further 25, out of the total number of 297, collect the greater part of their revenue by land-value taxation.

Queensland. Since 1902 all local authorities, whether urban or rural, have been legally compelled to collect their revenues only from land values. All buildings and improvements are entirely exempt.

Brisbane, the capital, covers an area of 384 square miles and has more than 350,000 inhabitants. In this tropical metropolis of wide streets and flowering gardens the city revenue is derived solely from a single tax of about 10 per cent. of the selling values of the land. This covers all local public services of every kind.

New South Wales. The Acts of 1905 and 1906 compelled all municipalities and shires to collect at least part of their revenues through a tax on the selling values of the land apart from buildings and improvements—at least 1d. in the £ of capital land value in the municipalities and at least 2d. in the shires. By those Acts, local councils were given the option of collecting all their revenues by land-value taxation. The majority speedily took advantage of this permission. Now in almost all towns and shires only land values are taxed.

A separate Act applies to the capital, Sydney, which in 1908 started to tax land values. Since 1916 the whole city revenue is derived only from that source—through a single tax of slightly more than 2 per cent. on the selling values of the land.

Sydney is a splendid city of one and a half million inhabitants. It stands by a harbour containing many beautiful islands, across which extends that masterpiece of engineering, Sydney Bridge. It is indeed a noteworthy thing that the energetic citizens apply the just remedy of Henry George, paying for public services only according to the value of the land which they possess. Regrettably they also have to pay a regional tax for water and sewage according to the yearly value of the land, plus improvements. It is hoped that soon it will be possible to progress by applying that tax only to land values *without* improvements, as does Brisbane in Queensland.

Other Australian States. In VICTORIA and SOUTH AUSTRALIA, municipalities and shires and district councils have been given legal power to tax only land values. Several have exercised that power—in Victoria, 18 municipalities and 4 shires—In South Australia, 16 municipalities and 8 district councils (rural areas). It is interesting to note that in the country districts the decision to tax only land values was made by the vote of the landowners themselves, who are mostly farmers.

In WESTERN AUSTRALIA, the country districts obtain either their whole public revenue or the greater part of it solely through land-value taxation. The town of Albany draws its whole revenue from this source.

South Africa. Everywhere assessments show separately the selling values of the land, apart from improvements.

In TRANSVAAL all municipalities and village councils must levy a tax of at least 2.5 thousandths on the selling values of the land. If they put an additional tax on improvements, they must collect at least an equal additional tax on land values. They may, if they wish, collect their whole public revenue solely by land-value taxation. This has been done in many places, for example, in Johannesburg, the largest town, the centre of the commerce in gold, which collects for its public needs approximately two-fifths of the yearly land-rents, without taxing buildings or improvements. Pretoria, the capital, taxes land values at four times the rate on buildings.

In the ORANGE FREE STATE, eleven towns collect a large part of their revenues by land-value taxation. In NATAL about two-thirds of the public revenues of the large port of Durban and of 17 other towns come from land values, correspondingly lessening the tax burden on buildings. In CAPE PROVINCE the town of Kimberley, which is the centre of the diamond industry, obtains its whole revenue by taxation on land values only. East London and five other towns (suburbs of Cape Town) derive the greater part of their revenues from the same source.

Rhodesia. Salisbury, the capital, together with the largest town, Buluwayo, and three other towns obtain the greater part of their public revenues by the taxation of land values apart from improvements.

Kenya. The whole revenue of the capital, Nairobi, has since 1921 come only from land-value taxation. The port of Mombasa has followed the good example.

In 1947 a Taxation Inquiry Committee, appointed by the Government, after an examination of the facts, declared :—

"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 long, rather than the taxation of improvements . . . 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."

Wherever in the world similar official inquiries have been made, the same conclusions have been reached.

Canada. In the Western Provinces of BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN and in MANITOBA local taxes everywhere are levied on land values at a higher rate than the taxes on buildings and improvements, which in some places are completely exempted.

Pennsylvania. In this rich American state the important cities of Pittsburgh and Scranton under a special law have gradually increased the local tax on land values and diminished that on buildings and other improvements. The land-value tax is now double the tax on improvements.

Under new legislation introduced in June, 1951, 47 other cities have been given similar powers to exempt buildings and other improvements and to raise revenue by a tax on land values.

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So moves the world. Little by little one country after another is beginning to apply Henry George's reform. This reform embodies the essence of true democratic liberty. It opens the land to producers. It removes all obstructions. And it gives producers the strongest incentive—the right to enjoy all the fruits of their labours. This is the simple way for the peoples of the world out of their misery and poverty.

For further information write to the centre of the Henry George movement—the International Union for Land Value Taxation and Free Trade, 4 Great Smith Street, London, S.W.1, England.

[Radio Roma has sent to us postcards they have received from correspondents in Spain, Norway, Denmark and other countries expressing thanks for the broadcast on "Henry George and His Remedy" and saying the transmission was admirable.—Editor L. & L.]