AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

Vol XVI
No. 3

ISSN 0019-5014

JULY-
SEPTEMBER
1961

INDIAN JOURNAL OF AGRICULTURAL ECONOMICS

INDIAN SOCIETY OF
AGRICULTURAL ECONOMICS,
BOMBAY

Taxation of Agricultural Land in Under-developed Economies, Haskell P. Wald, Harvard University Press, Cambridge, Massachusetts, 1959. Pp. ix + 231. \$ 4.50.

Economic development is 'a greedy absorber of revenue' and hence in the search for additional revenues for the purpose of developing under-developed economies, there has been a renewed interest in land taxation. Partly perhaps this renewed interest is inspired by the example of Japan which seems to have effectively used land tax as a source of revenue for financing her economic development. There is, however, a dearth of systematic studies of the pattern and structure of land taxation in such countries. The present book which attempts to provide a comprehensive study of the present status of taxes on agricultural land in the under-developed countries is, therefore, a very useful addition. This volume which was undertaken as a direct result of the 1954 Conference on Agricultural Taxation and Economic Development, draws heavily upon the working papers and reference material prepared for the Conference, and is published by the Harvard Law School International Programme in Taxation.

The book is divided into three parts. It begins with a detailed description of the different methods of land taxation throughout the world. An interesting geographical pattern emerges from the survey of systems of land taxation. In the newly settled under-developed countries, notably in Latin America, the most common form of land taxation is a property tax based on capital value. By contrast, the countries of South Asia and Far East which have not experienced colonisation from Europe, have shown a marked preference for tax bases expressed in terms of annual value. However, this form of assessment is applied in different ways. While in India, Pakistan and Burma the taxes were tied to the concept of annual rental value, in the Far East, except Japan, a more primitive tax base namely, gross produce, is still being used. In the Middle East while some countries have shifted to a capital value basis, others have turned to taxes on marketed produce.

Assessing the revenue importance of land taxes, it is pointed out that in China (1953) and Korea (1954) the yield of land taxes was as high as 24 per cent of total tax receipts. While in India this percentage was only 9 (1954), there were countries like Bolivia and Brazil where the percentage was as low as 1 (1950). In part, this above the average performance of the land taxes in China and Korea is attributed to the system of collections in kind, which prevents depreciation of tax revenues during periods of inflation.

The second part analyses the principal types of taxes from the viewpoint of equity, economic policy and administration. Here the analysis follows the usual text-book pattern and hence the reader at the end does not find that his knowledge of the basic principles is enriched to any appreciable extent.

The third part is entitled "Pathways to Reform"; in fact the subtitle of the book is "A Survey and Guide to Policy." If, impelled by these titles, the reader hopes to find in this concluding part of the book any practical guides to fiscal problems he is likely to be rather disappointed. The author does not go beyond merely enumerating, the now too well-known lines on which land taxes need to

be overhauled. This is so at least to the Indian student to whom the analysis of the Taxation Enquiry Commission, 1953-54, appears to be much more sophisticated and concrete.

The reviewer cannot desist the temptation of posing the basic question which seems to have been left unanswered. What is the relevance of the Japanese example to the predominantly agricultural countries now launching upon programmes of economic development? In Japan, as Mr. B. F. Johnston has admirably described, productivity per person engaged in agriculture doubled between 1885 and 1915; but, much of the increase was taken away from the farmers in higher rents or taxes and used to finance the rest of the economy. Could this experiment be repeated in the context of democratic planning and in, what is appropriately called, an era of rising expectations? This is the crucial issue with which any pragmatic approach to land taxation has to grapple. The author has not even raised these issues. More interesting perhaps are contemporary examples of Ghana, Burma and Uganda where agriculture has provided the wherewithal for industrialisation. In these countries the Governments have withheld from their farmers a very large part of the increase in the prices of the farm produce since 1945, and have used part of the proceeds to finance economic development in other sectors of the economy. Has this been possible because the agricultural economy in these countries is export-oriented? A detailed analysis of this aspect and the methods adopted by these countries would have added much to the value of the book. For instance, in Burma where land taxes yield no more than 5 per cent of total tax receipts, the profits of the State Agricultural Marketing Board account for about two-fifths of the Government's revenue from all sources. Apart from some scattered references to Burma, the author does not make any attempt to analyse the special case of these countries.

The chief merit of the book, therefore, consists in the wealth of factual material, presented in Part I, on the existing land taxes in the under-developed countries.

N. A. MUJUMDAR