

DANISH HENRY GEORGE UNION AND THE ENQUIRY COMMISSION

In our previous issue we reviewed the work of the Enquiry Commission on Land Values appointed by the Danish Government. A majority report signed by 13 of the 24 members set forth in a draft bill proposals of a conflicting nature. The first part provided for levying a land rent charge of 4 per cent of the assessed capital land value, additional to the existing land-value taxes, national and local, whereby it was computed that the whole amount of the economic rent of land would be collected into the public treasury. The second part proposed that while the land-rent was thus in theory being "collected," the landowners should in fact receive from the State "compensation" in a sum equal to three-quarters of the assessed value of their land. This astounding proposal, which we have ourselves already condemned, found favour with all the members of the "Justice Party" (*Retsforbundet*) who sat on the Commission. It was rejected by six of the thirteen drafters of the bill. The attitude of the Justice Party in this matter comes as no surprise. Through their leaders they have long since been committed—as by their proposals for a capital levy—to giving the landowners the wherewithal to pay the land value taxation levied on them.

Strenuous opposition to policies of the sort has come consistently from the Danish Henry George Union who are the custodians of the movement. It was pleasing to notice the quick reaction in their official journal *Grundskyld*. Here we give in translation an extract from the leading article in its January issue, written by its editor Mr. P. C. Pedersen, the words or sentences in brackets having been added by ourselves where some interpretation has been required:—

"Grundskyld" Reviews Report, Denounces the "Compensation"

According to the proposals, the standard rate of the new land-rent charge would be 4 per cent of the assessed capital land value, and this charge would be in addition to the national tax and the local rates on land values as are levied under the existing laws.

In future the basis of the land valuation would be the same as it is at present, namely its capital value, which would be arrived at while taking into account the existing tax and local rates on land values, but disregarding the new land-rent charge.

In fixing the new land-rent charge at 4 per cent (it being additional to the existing land-value taxation) it is assumed that thereby the whole rent of land would be appropriated. The 4 per cent is fixed despite the fact that there are constant fluctuations in the market rate of interest (and yet it can only be from the market rate of interest that capital

In bold type *Grundskyld* prints the following quotation from *A Perplexed Philosopher* by Henry George:—

... of different nature is the plea sometimes made, that compensation, by disarming opposition, is the easiest and quickest way of abolishing a wrong. As to this, not only is compensation not abolition, not only does its advocacy tend to keep in full strength the pecuniary interests which are the greatest obstacles to the reform, but it renders it impossible to arouse that moral force which alone can overcome an entrenched wrong. For to say that men must be compensated if they are prevented from doing a thing is to say that they have a right to do that thing. And this, those who intelligently advocate compensation know. Their purpose in advocating compensation is to prevent abolition.

values can be computed). Nevertheless it is thought that it will be possible by thus using the fixed 4 per cent to transfer the whole amount of the rent of land to the state; and that it would not be necessary to alter the present methods of valuing the land (which result to-day in making the capital value the basis of assessment).

To this it should be said at once, that it is doubtful if we should in this way even nearly approach the full land rent. The land-value assessments we make to-day for purposes of taxation are always below the level of actual values. In the rapid increases in value now taking place, the prices paid for land, often during the course of the years between the periodic valuations, can reach twice the amount of the value at which the land was assessed. We ought therefore to insist that periodic valuation takes place more frequently (than once every five years as now).

As stated, the standard rate of the new land-rent charge is put at 4 per cent; but it is proposed that this charge be reduced to one per cent, and to remain at that level until there is paid out to the landowners an *afsløsningssum* (a "settlement payment") in respect of the remaining three per cent of the land-rent charge. (To clarify: this means that the landowners would receive a payment of 6,000 million crowns, which is three per cent of the present land value multiplied twenty-five times. After this payment is made, then the landowner would be subject to the standard rate of the charge namely 4 per cent.)

In this draft Bill the word *erstaining* (compensation) has been deliberately avoided. Among the members of *Retsforbundet* (the Justice Party) those who support compensation have as a rule used another word to describe the thing. The latest variation is this *afløsning* (settlement) an earlier term having been *udligning* (translatable as "equalisation"). It looks as though those who think on those lines had an instinctive feeling that they were doing something wrong in proposing compensation—perhaps this may be taken as a sign of their being conscience stricken . . .

In the Report, more emphasis should have been laid on the fact that land rent belongs to society and that it is both the right and the duty of society to collect it; that, and nothing more. Land-value taxation should take effect as a transfer of tax burdens, that is to say as a substitution for the latter, the amount of land-value taxation corresponding to the amount of the present taxes (on industry and trade) that are abolished. It is indeed just at this time that it may be possible to win support for such a reform for nearly the whole press of the country is denouncing the existing taxes for the way in which they obstruct initiative and all industry.

The proposals with regard to compensation stand in the way of anything being done. The Justice Party would be wise in dropping their unhappy ideas in this regard. It is for them, by proposing that land-value taxation be substituted for the most oppressive of existing taxes, to make a united front with the other parties that are positively in favour of the taxation of land values.

It is now almost 50 years since the Radical Liberal Party was formed, when it issued its Odense programme demanding "equal tax on equal land." In 1916 we got the separate valuation; in 1922, the national land-value tax on straight-forward lines; in 1926, the local taxation of land values, having application more particularly in the country districts. This was because, in the first place, the rural districts were given very wide powers to transfer the rates upon land values; but, of course, this transfer

would not have happened if there had not been in the parishes all round the country the councilmen who saw how unreasonable it was to lay the burden of taxation on the industrious.

In Parliament, the Radical Liberal Party has been the leading party in bringing about this development. Will they again take the lead? Articles in many papers, notably in *Husmandshjemmet* (journal of the small peasant proprietors), indicate that there are many voters who are prepared to support the party that will press forward with land-value taxation for bringing relief from the worst of our taxes. If the Radical Liberal Party step into this leadership, the existence of the Justice Party is at stake.

QUESTIONS IN PARLIAMENT

THE ROAD TO THE CEMETERY

The approved improvement scheme for widening the A.82 road at Dumbarton stops short at the gates of the local cemetery. Mr. Tom Steele (Lab., Dumbarton) asked the Minister whether any moral was to be drawn from that fact.

Mr. Boyd-Carpenter had recourse to what is becoming his stock excuse for delays in road construction and improvement; it has to do with difficulties in connection with "acquisition of land."

Mr. R. R. Stokes rose quickly to ask a provocative question: "Would not the right hon. Gentleman find it possible to accelerate the (land purchase) procedure if he made the owner of the land pay a tax according to its value?" That, said the Minister, was a very different question.—*February 16.*

Earlier the Minister had revealed that in the first six months of 1954, 102,220 were hurt on the roads. Of these, 2,106 were killed and 24,510 were seriously injured.

FOSTERING CULTURE AND CLOSING THEATRES

Citing the proposed disbandment of the Salisbury Arts Theatre Company because the Commissioners of Customs and Excise had decided that it could not be exempted from tax, Lieut.-Col. Bromley-Davenport (Cons., Knutsford) asked whether, in view of the complexities and anomalies involved in the present system of tax-exempt entertainments, the Chancellor would consider giving tax exemption to all forms of living entertainment. Was it fair, first, to pay out £1 million a year to subsidise certain theatres through the Arts Council and, second, to excuse certain theatres from Entertainment Duty altogether, and at the same time to impose on the remainder this special and lethal tax, which was closing theatres up and down the country. Was it worth it for the £2 million revenue it yielded? Above all, was it just? *February 10.*

Two days earlier, Mr. W. T. Williams (Lab., Hammersmith South) had drawn attention to the closure of the Hammersmith Palace Theatre, the Shepherd's Bush Empire, the Granville Theatre, Walham Green, and the King's Theatre, Hammersmith. The Chiswick Empire might have to close shortly. He added his plea to the Chancellor to review urgently "the present burden of entertainments tax on the living theatre, with a view to preventing further closing of theatres in this country."

GILBERTIAN PURCHASE TAX UNDER FIRE

Is it not a little Gilbertian for the Customs to rule that when a cushion is covered with striped ticking or plain material it is a pillow, chargeable at 25 per cent, and that when a pillow is covered with fancy material it is a cushion, chargeable at 50 per cent?—Mr. John Hall (Cons., Wycombe), *February 3.*

Mrs. Jean Mann (Lab., Coatbridge and Airdrie) asked why ladies' shopping bags with zips are taxed 33½ per cent, whilst gentlemen's brief cases with zips are free of tax; why kitchen ware for holding food is free of tax, but kitchen utensils are taxed 33½ per cent; why a step ladder suitable for women is taxed and the larger, over six steps, is free of tax; why hair grips are taxed 25 per cent and hair curlers 75 per cent; why tooth-brushes are free of tax and nail-brushes are not; and why letter-cards carry 75 per cent tax if made up of two colours, whilst postcards

similarly hued are taxed 25 per cent; and when he will end these anomalies.

Articles could not always be brought within the same tax category simply because they were to some extent comparable. The articles mentioned would be borne in mind when the tax was next reviewed.—Financial Secretary, *February 10.*

The revenue from purchase tax on shinty sticks is not large; careful note has been taken of the representations made by the Committee of the Paper, Printing and Stationery trades about the tax on commercial and educational stationery; it would not be practicable to single out and exempt from tax school materials and equipment; £20 million a year is collected from purchase tax on paper stationery other than greeting cards, picture postcards and pictorial calendars.—Mr. R. A. Butler in written parliamentary answers, *January 25.*

CREEPING SHADOW OF BUREAUCRACY

More than a quarter of the total working population is employed by the central government, the local authorities and the nationalised industries. The figures and percentages given by Mr. Watkinson, parliamentary secretary, Ministry of Labour, February 1, are as follows:—

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| Central Government (including H.M. Forces and N.A.A.F.I.) | 1,970,000 | 8½% |
| Local Authorities (including Police) | 1,490,000 | 6½% |
| Nationalised Industries and other public corporations* ... | 2,710,000 | 11½% |

* National Coal Board, British Transport Commission, gas and electricity supply industries, Water Boards, Iron and Steel Holding and Realisation Agency, Hospital Boards, Airways Corporations, B.B.C., and a few small Corporations and Commissions. Doctors and Dentists, other than those in the service of Hospital Boards, are excluded.

TAX COLLECTION

There are about 1,000 local Inland Revenue offices employing some 41,000 persons (excluding those engaged on valuation for rating), and about 1,500 Customs and Excise offices employing some 15,000.—*Financial Secretary, February 22.*

VACANT HOUSES AND HOMELESS PEOPLE

Five hundred houses are standing empty in Southend. The Minister of Housing and Local Government replied "No" when asked by Mr. J. Parker (Lab., Dagenham) if he would requisition such of them as had been vacant for at least three months and make them available for Dagenham and other housing authorities in Essex with long housing lists and little land for building.—*January 25.*

Homeless people; empty houses. Here surely is striking evidence of one aspect of taxing improvements instead of land values. Also the local authority is deprived of a considerable rate revenue in respect of these premises. Such a situation would not arise under the Rating of Land Values. Without compulsion or interference with private property rights, the rating of land values would soon people these empty houses.

WHAT WE PAY IN RATES

North of the Border more is paid in rates per head of population than in England and Wales. The following information was given by Mr. Duncan Sandys, Minister of Housing and Local Government, and Commander Galbraith, Scottish Under-Secretary, in replies to questions asked by Mrs. Jean Mann (Lab., Coatbridge and Airdrie) *February 1.*

| | 1952-53 | 1953-54 |
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| England and Wales ... | £7 12s. 2d. | £8 9s. 0d.* |
| Scotland | £8 7s. 2d. | £9 2s. 2d. |

* Estimated

SAVING CERTIFICATE SWINDLE

Allowing for accrued interest, a National Savings Certificate purchased for 15s. in September, 1939, has a nominal value to-day of 22s. 11d. It would buy goods which in September, 1939, could have been obtained for 10s. The Chancellor gave this information in a written answer, *February 22.*