

Denmark's Heritage of Freedom

"Hartkorn"—The Secret of Denmark

By PAVLOS GIANNELIA

[This is the latest article received from Mr. Giannelia, now residing in unoccupied France. Readers will understand the difficulty of communicating with Europe, but we hope to keep in touch with Mr. Giannelia.—Ed.]

"**H**ARTKORN" is the magic word to which Denmark owes her prosperity. It is the historic Danish system of taxation based upon the *hartkorn* or grain yield of land.

In 1660, King Christian IV of Denmark lost his eastern territories on the southern end of the Scandinavian peninsula, and blaming the nobility for the army's failure, he withdrew their fiscal privileges by imposing a general land tax, equal for nobles, clergy and citizens alike. His successor, Frederick III, in 1688 summoned the Danish born astronomer of Louis XIV of France, Olaf Roemer, who gave the tax its definitive form. (It is interesting to note that the year 1660 was also the year of Louis XIV's accession, and is blackmarked by Pierre de Boisguillebert, forerunner of the Physiocrats, as the beginning of the fall of France.)

"Hartkorn" taxation was based on the fertility of the soil, using the most fertile land as the standard of measurement. This best land was situated near Koege. (It was at Koege where, at a later date, the small peasant proprietors accepted the famed Koege Resolution—of which more later.) The islands—the most fertile part of Denmark—were divided into six fertility classes, according to the number of acres needed to produce the same quantity of grain. The peninsula of Jutland, where the soil is less fertile, was divided into nine fertility classes. The singularity of this grain yield standard is that the land tax is calculated according to the fertility of different areas, while elsewhere the tax is calculated according to the area of lands of varying fertility. While both systems may finally have the same effect, the difference of the Danish system is in its educating effect. While proprietors in other lands think primarily of the extent of their holdings, the Danish farmer thinks primarily of fertility, and this prepares his mind for land value taxation.

During the eighteenth century about half of the Danish taxes were raised by grain yield taxes. The chief defect of this form of taxation is that it neglects almost every other factor in land values outside of fertility; thus, although perfect for agriculture, it is quite inapplicable to urban areas, where land values depend chiefly on the site. This flaw was not serious until the beginning of the nineteenth century, when urban values began to increase; hitherto they had been negligible. A tax on house rents for the urban areas was then introduced, and the classifications of the rural areas were revised according to the changing conditions.

Toward the end of the nineteenth century, urban values threatened to equal rural values. The Danish Georgeists, wisely guided by Jakob Lange and Sophus Berthelsen, then struggled for a uniform land tax based on the principle "same land, same tax"—a tax that would be applicable to city and country lands alike, according to value and irrespective of improvements. This campaign led to the Koege Resolution of November 8, 1902—the "Magna Carta of the Danish peasants"—which was adopted by the small holders. This Resolution, "renouncing privilege, claims the abolition of taxes and custom duties on food, clothing, furniture, buildings, utensils, engines, raw materials and labor, and their substitution by land value taxation."

At first this campaign failed, and in 1903 began the gradual abolition of the grain yield taxes. But thanks to the instructive influence of the *hartkorn* tradition and to the tenacity of Georgeist propaganda, the Danish Parliament in 1916 decided to evaluate all the land in Denmark for the purposes of taxation, and in 1922 and 1926 decided to substitute land value taxation for the general property taxes, and to gradually relieve improvements from taxation.

While the *hartkorn* unit is no longer used as a basis for taxation, the tradition remains in Denmark. Farms are still grouped according to their fertility, not according to size. And a farmer's admission to the Society of Small Proprietors is not limited by the size of his farm, but by the yield of his land—the maximum being one and a half grain yield units. This amount can be obtained from 15 acres on the fertile islands, while 75 acres is needed for the same amount on the sandy heaths.

There are two different grain yield units in Denmark. On the fertile islands the yield per unit is 21,000 kilograms. On the less fertile peninsula it is 35,000 kilograms. The market price also differs according to the size of the units. The units of the fertile lands have a price of about \$1,050, while the units of the less fertile lands reach a price of \$1,650. Meanwhile, the price of the most fertile lands is \$82 per acre, while the price of the less fertile lands is \$31 per acre. Thus, the price of the yield units increases, and the price of land decreases, as the land decreases in fertility. It is not easy to explain why the units are larger as the land decreases in quality—except that the holdings on the less fertile peninsula are much larger than those on the more fertile islands, and hence capable of larger units of measurement.

The fact that *hartkorn* units are an inadequate basis for land value taxation is demonstrated by the part that density of population plays in the market price of land, as shown in the following table:

DISTRICT	DENSITY OF POPULATION (per square mile)	AVERAGE MARKET PRICE (per acre)	LAND VALUE (per capita)
Frederiksberg	47,000	\$18,000	\$260
Copenhagen	31,500	16,800	360
Gentofte	6,400	4,250	440
Provincial towns	2,500	660	174
Sealand	490	325	435
Fyn	265	73	250

The dependence of land values upon the density of population is shown by the regularly falling per acre value and the relative constancy of the per capita value. Henry George is quite right when he says that the per capita land value follows every one like his shadow. The discrepancies that do exist in the above per capita figures are due to various causes. It is natural that it should be higher in Denmark's capital than in the provincial towns. The high per capita value in the suburb of Gentofte is explained by the plutocratic character of the inhabitants, but the per acre value depends, notwithstanding, on the demographic density. The high per capita value in Sealand is due to the influence the capital exerts on the rural prices on that island.

The value of land is certainly a more perfect basis than *hartkorn* units, but without the preparation of the public mind by the *hartkorn* ideology, it is not likely that Denmark would have made such advances as she has toward the Georgeist ideal.