

DIFFICULTIES IN SOLVING THE LAND QUESTION

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One of the greatest difficulties is that most economic, political, technical and judicial discussions fail to distinguish land from capital produced by labor. Almost nowhere do there exist complete and easily accessible statistics on the amount of land value apart from the total value of improved properties.

The value of land, whose supply is fixed, varies considerably according to its location. But the supply of capital is unlimited and the price of a given commodity does not vary much from place to place. The cost of constructing the same type of house is about the same, whether in the center of town, in the suburbs, or in rural areas. But very few countries separate these very different values but rather combine them in one value for the whole property.

Because of this lack, it is not possible to have a system of taxation based on site value. In Europe, Denmark is the only country that has initiated a reform of taxation in the direction of applying the social and economic remedy given by Henry George in Progress and Poverty: "Abolish all taxation save that upon land values." For 45 years in Denmark, all land parcels have been taxed according to market price registered in the land maps by valuation every few years. With very few exceptions the values of houses and other improvements are exempt from taxation. Up to 1960 indispensable food items were also exempt from taxation.

Under the Danish tax reform, agricultural production doubled, and housing construction went up seven times annually over the amount before 1920. Up to 1960 land speculation and inflation were unknown in Denmark.

The percentage of small farm holdings suffering a harvest loss in Denmark was much smaller than that of Switzerland, where taxation does not make the distinction between land and capital.

It should also be mentioned that in Denmark it was the small farmers who insisted on the reform of land value taxation, through the famed Kjoerge resolution of November 8, 1902. However, it took more than 20 years to obtain the first application of the Henry Georgian taxation.

Denmark also has an increment tax that is used only when there is a speculative selling. However, as in many other countries, there has been a boom in land values in spite of this tax. The only true tax reform is full land value taxation on all parcels of land, without exception, with a simultaneous abolition of other taxes.

Many illustrious thinkers have seen the same truth that Henry George did, but other circumstances have clouded the issue - such as nationalism, religion, race, etc. But the land question is paramount, and justice in solving it must take precedence over all else!

Eighty years ago Henry George warned in his Open Letter to Pope Leo XIII, concerning his encyclical, Rerum Novarum, on the failure of charity unsupported by justice: "If men lack bread, it is that, impiously violating the benevolent intentions of their Creator, men have made land private property and thus given into the exclusive ownership of the few the provision that a bountiful Father has made for all.... Charity is indeed a noble and beautiful work. But pseudo-charity that discards and denies justice works evil... All that charity can do, where injustice exists, is here and there to somewhat mollify the effects of injustice... If it were possible for the giving of alms to abolish poverty, there would be no more poverty in Christendom."