

# Denmark Increases L. V. T.

by BENT JENSEN

**T**HE latest development in the field of land value taxation in Denmark is a bill introduced by the Minister of the Interior, who is a Justice party member. It aims at relief of the rent restrictions in the Landlord and Tenant Act now in force, and will raise the rate of taxation by 1.4 per cent of the present land value. It also aims at collection for public use of the increase in ground rent which will invariably result when landlords are allowed to charge their tenants more.

Only urban districts will be affected by the proposed bill which is certain to be passed, since the Justice party now commands a majority in Parliament. In order to obtain an increase of the land-duty rate, the minister had to agree to levy a 1.4 per cent tax on buildings, but it is proposed that this tax, as distinct from the additional land duty, shall gradually be abolished. In due time the Justice party will undoubtedly propose that the abolition of the building tax shall be accompanied by an increase of the land duty.

The Unearned Increment Tax Act on which I reported in the August HGN was proposed at a time when the Justice party members were a minority in the Parliament, and while it has not been as effective as was hoped, it has nevertheless struck a death blow to land speculation. Since capitalization of the increase of ground rent means that purchasing power is produced at a more rapid rate than are goods, it will also, to a certain extent, discourage inflation.

Under this law all future increments in urban areas, as calculated

against the land values assessed before September 1958, will (less an amount corresponding to the percentual increase in certain low increment districts) be taxed considerably higher than land values assessed before that date, the additional duty to be levied on the reduced rise in land value being 4 per cent.

Further, the law provides that all increment taxes from 1932 to the present are made fixed charges, so that the fixed land duties in urban districts, where of course, land values increase most, will amount to about 1.9 per cent of urban land values assessed at the coming into force of the Act. Of this percentage 0.3 is the average percentage of the fixed increment taxes, as calculated against the total value of land assessed as of September 1, 1958, and 1.6 is the average percentage which in urban districts is ordinarily used for taxing land values, including increments, if any. In such areas the total duty on increments subject to additional taxation, according to the 1958 law, will amount to 5.6 per cent — the average land tax rate now in rural districts.

Land values subject to the new increment duty must, in the event of transfer of property, be entered in the deed before registration, so that new owners may know that, along with the land, a public mortgage at 4 per cent is being transferred to them.

The total economic rent of land in Denmark, publicly and privately collected, may be estimated at 1100 million kroner, the former being about 340 million kr., and the latter 760

million kr., or 31 per cent and 69 per cent respectively of the total rent.

Pursuant to various land value taxation acts now in force in Denmark, owners of land in places showing remarkable increases in ground rent will in the future have to pay the greater part of such rental increase to the community. This will be important if the legislature collects the rest of the ground rent by gradually increasing the rate of taxation. Legislation to that effect implies, as shown by my report in August, that landowners, during a certain number of years will be given

permission to retain part of an unearned income to which all members of the community are equally entitled — such retention being tantamount to a partial compensation for the loss of money invested in unimproved land.

The Unearned Increment Tax Act of 1958 will have the result that in Denmark the landowners' share of the increasing ground rent will be much smaller than in countries without similar legislation, and the disguised compensation given to the landowners by the gradual increase of land value taxation will be smaller, too.



## CECIL B. DEMILLE

Cecil B. DeMille, who, at the ages of eight and nine, played with the George children and looked upon Henry George as a prophet, a friend, and a "kindly, bearded man," has passed into another dimension, taking with him his genius for the spectacular. He said that some of his happiest childhood memories were of visits with the George family at Fort Hamilton where there was "lots of good fun and talk." His first venture into amateur theatricals was made with the George children at the age of eight. Anna George later married his younger brother, William. She was the mother of Margaret, a fashion expert, and Agnes, the famous choreographer and author.

Cecil DeMille's father and Henry George were close friends, and the writings of Henry George were read aloud in the DeMille home. It is not surprising then that in doing research for the second great production of "The Ten Commandments," Mr. DeMille turned to Henry George's lecture on Moses with affection and keen perception. It is interesting, however, that an employee of his who had taken the economics course at the Henry George School in Los Angeles was responsible for "jogging his memory" by recalling this Moses lecture delivered in San Francisco in 1878. Mr. DeMille was so impressed with the "enduring vitality and grandeur" of George's essay that he had it printed and circulated through the Paramount studios.

In a message to the Henry George conference last summer in San Diego Mr. DeMille mentioned that he found Henry George's name mentioned frequently with "respect bordering on reverence," and told of speaking to Sir Winston Churchill about him. He believed Sir Winston's chapter on Moses in his book, *Amid These Storms*, to be one of the two greatest essays on Moses in the English language. The other was Henry George's address which he considered one of the finest summaries of his character and achievements, and he felt the majesty of Henry George's language matched the majesty of the subject.