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THE GEORGEIST SITUATION
IN DENMARK
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It has often been said that in the matter of a general knowledge of land-value taxation and free trade and in an understanding of the social importance of these questions, as well as in the field of legislation, Denmark has advanced further than most other countries. The men and women here in Denmark who have been and still are in the forefront of the work for our cause most likely would say that there is little to boast about, but I feel it should be said that thanks to these men and women we, step by step, have been brought nearer to our goal, leaving a firm foundation on which the new generation can continue to build in the spirit of Henry George.

From previous papers, and especially from the paper presented at the Tenth International Conference in 1959 by Dr. Viggo Starcke (former Member of Parliament and Cabinet Minister in the Danish Government 1957-60), you will know how much was achieved up to 1959. The purpose of my paper is to bring you a little more up to date on developments in Denmark, and although recently we have experienced certain signs of a step backwards, I hope that what I have to say here may be of some interest to you and that it will help those who work for the progress of our ideas.

Denmark has only one chamber in its Parliament, with 179 seats. Of these "Danmarks Retsforbund"* - what you call the Justice Party or the Danish Georgeists - had only 6 before the election in 1957. There are six parties represented in the House, and some representatives for Greenland, the Faroe Islands and Slesvig (the German minority group). At the election of May 14, 1957, the Social Democrat representation went down from 75 to 70 seats and the Socialist minority government resigned. The Liberals (Venstre) gained 3 seats, to make 46, the Conservatives obtained 30 seats (unchanged), the Radical Liberals 14 (unchanged), while the Communists were reduced from 8 to 6. The Justice Party gained 3 seats and rose from 6 to 9. Although 9 seats out of 179 is not much, the result of the election gave the vested capital interested in the preservation of monopolies something to think about.

The ensuing negotiations about forming a new government led to the Justice Party suggesting that a majority government consisting of the Social Democrats, the Radicals and the Justice Party should be formed. All three parties, to a greater or less extent, support land-value taxation (collection of the full economic rent), and thus the first "Land-Tax Government" in history was brought into existence.

* This is the only political movement consciously founded on Georgeist principles and dedicated to achieving land-value taxation and free trade by parliamentary means.

As Dr. Starcke, in his paper previously referred to, has given an account of the results of this government up to 1959, I will confine myself to mentioning some of the most important results achieved before the election of 1960.

Freer Trade

Many restrictions were removed and import licences were made more freely available. The special state office controlling these restrictions was completely abolished.

Land-Value Increment Taxation Increased

This tax is now 4 per cent of all unearned increments arising since 1958 with the exception of general rises due to conjecture or inflation. (The Justice Party was against such an exemption, but was unable to convince its partners). (For further details about the laws concerning land valuation and land-value taxation in Denmark, please be referred to the paper on this subject which my father, K.J. Kristensen, is presenting to this conference).

Every step forward was encouraging for the Justice Party until the election of November 1960, when the Justice Party did not get enough votes* to obtain a single seat in the present Parliament. This was a shock to all members and friends of the Henry George Society, regardless of whether they had supported the Justice Party or other parties with land-value taxation on their party programme.

The new government was formed consisting of the Social Democrats and the Radicals. They will soon have been in office for the entire legal period of four years, so a new election will be held on September 22 this year.

The present government soon entered socialistic ways. Full employment was kept, but the stable period with firm prices and a sound balance between production and consumption that we had had almost from the beginning of the coalition government in 1957 was soon replaced by strong inflationary tendencies. This soon forced the government to take measures against this dangerous development which, within one year, had placed Denmark with the second highest interest rate in Europe, surpassed only by Iceland.

When "The Annual Economic Survey" for 1961 came out in the beginning of 1962, the figures in it provided such a heavy criticism of the policy that

* The Justice Party's total vote in 1960 was 52,230 - down 57 per cent from the previous figure of 122,759. An aggregate of 60,000 votes in 1960 would have secured for it four Parliamentary seats under the proportional representation system which obtains in Denmark.

had been conducted in 1961, that it forced the government to do something about it. Thus the discussions about introducing a general sales tax started.

During the summer of 1962 a majority in Parliament (Conservatives, Liberals, Radicals and the Socialists), passed a bill introducing a general 9 per cent sales tax on the wholesale price, effective as of August 1.

In the meantime the general economic development had placed the farmers in a rather delicate situation and the farmers' organisations forced the government to introduce legislation allowing higher prices for agricultural products on the home market than could be obtained for agricultural products on the export markets. In this connection the committee of the Danish Henry George Society published the following statement :

To the Government and the Parliament : Regarding the bill to raise the home market prices of farm products, the Danish Henry George Society declares:-

When intending to secure to Danish farmers a higher price than can be obtained by export, it should be considered that such monopolistic increases of prices on the home market must -

1. Delay the rational development of production that exists when those having the highest cost of production alter their production themselves or leave it to others in their place.
2. Increase production that possibly is already too great, at the same time diminishing sales on the home market and increasing exports at lower prices.
3. Give occasion for foreign countries to restrict imports of Danish goods under pretence of dumping.
4. Give cause for demands for increased wages owing to the increased cost of food.
5. Give inflation another boost and decrease the ability of export industries to compete on foreign markets.

For farm owners as well as intending sellers or buyers it will induce expectation of continued provisions to increase the price of farm products, and such expectations, as well as the reduction of land-value taxation, will tend to raise the selling price of farms above their actual net earning capacity.

It soon became apparent that the sales tax was not enough to dam up the inflation wave created locally in Denmark. On February 25, 1963 the Government introduced a bouquet of 12 bills representing what has popularly been called "the general solution." These bills were passed and made law by a majority in Parliament in March 1963. The following are a few examples of the laws :

Bill No.101 : Law about price- and profit-curb
 Bill No.102 : Law about dividend limitation, etc.
 Bill No.103 : Law about compulsory saving
 Bill No.104 : Law about sale of Danish agricultural products
 Bill No.108 : Law about extension of collective agreements.

I do not want to tire you with all the details, but I would like to stress that these laws represent the most severe restrictions we have ever experienced (with the exception of the war time, 1940-45). It was a great interference in the economic freedom of the Danish people which has brought us closer to Socialism. Now in 1964 they tell us that these restrictions have not led to a satisfactory result. (Some people told them that in advance).

We now have evidence that the present government has brought us to the brink of an economic danger point where we owe to foreign countries much of our present "wealth." The Hon. Mr. Svend Nielsen, president of our "National Bank" has illustrated the present situation with the following figures, showing the debt development since 1951 :

1951 :	2,601	million kroner	
1952 :	2,184	"	"
1953 :	1,802	"	"
1954 :	2,282	"	"
1955 :	2,083	"	"
1956 :	2,163	"	"
1957 :	1,625	"	"
1958 :	552	"	"
1959 :	323	"	"
1960 :	417	"	"
1961 :	1,070	"	"
1962 :	2,629	"	"
1963 :	3,400	"	"
1964 :	3,800	"	" (April)

Although we have at our disposal a foreign exchange balance of 2,500 million kroner, the present situation is critical. (2.5 milliards is not much when we take into consideration that our foreign trade turnover is between 14 and 15 milliards a year).

Unfortunately, it must be said, too, that if it had not been for our membership of the Free Trade Area, it is doubtful whether the present government would have taken any steps forward on the path to free trade.

As to Danish land policy, two major events during this period will be of special interest to you. The Government realised that something had to be done about land speculation, especially in view of the negotiations with the Common Market. Our present Prime Minister, Mr. Jens Otto Krag, phrased

it in this way in June 1963 :

"The Government has seen it as its duty to prepare legislation in order to secure our national interests - put in a popular mode of expression: 'Danish land in Danish hands.' Also the ever more prevalent serious land speculation around the great suburban areas must be stopped if the firm course the Government has laid down in order to secure Denmark's economy is not to be deflected through the inflationary pressure which land speculation exerts, especially on the housing sector. Already during the coalition government (1957-60) we were thinking of these reforms - as a matter of fact these thoughts and negotiations led to the forming of the Agrarian Commission during that period. All of the ten land laws rest on the foundation of objectivity and will counter-act the speculation in Danish land which the Justice Party will also fight according to the entire programme of the party. It is my hope that all supporters of land-taxation will be convinced that these laws are of the utmost importance for the healthy development of Danish society."

Four of the laws referred to had just been passed by a majority in Parliament, but the Opposition forced them out to referendum, making use of paragraph 42 in the Danish Constitution, a paragraph that secures the right of a considerable minority in Parliament to appeal directly to the voters before laws (except taxation laws) they are opposed to are brought into effect. Unfortunately, this provision is not used very often - it was the first time this had happened in ten years.

The following is a very brief survey of the four laws that were brought out to referendum on June 25, 1963 :

1. A bill regarding the acquisition of agricultural property.
2. A bill amending the Act regarding the establishment of small-holdings and the acquisition of supplementary land to such holdings.
3. A bill to give local government the right of pre-emption in case of sale of real estate and regarding state support to local governments for acquisition of land.
4. A bill amending the Act on preservation of recreational areas and of areas of historical or scientific interest.

Up to the date of the referendum the various political parties made their points of view clear and a special issue of "Statstidende" (an objective state organ) containing the full wording of the laws was sent out to all Danish households. The Danish Henry George Society felt it its duty to contribute also to the necessary information about the laws and a special issue of "Grundskyld" was sent out and distributed to all Members of Parliament and

the Danish Government. This issue contained the following statement from the committee of the Danish Henry George Society :

"The proposed land laws have as their main purpose :

1. To prevent farms and farm land being acquired for the purpose of speculation or capital investment by Danish or by foreign buyers, making it a condition for the acquisition that the buyer makes the property his place of residence. Excepted from this condition are such buyers who are already occupying owners of a farm or have acquired training for farming.
2. To further town and country planning for the practical use of the land, including preservation of recreational land and the like.

Those purposes must be acknowledged, but the provisions to that end are insufficient, inadequate and difficult to administer, and inflict great inconvenience on the citizens.

The exemption from the residence obligation of buyers of agricultural properties is clearly against the main purpose, leaving wide possibilities for foreigners as well as Danes to acquire such properties for other purposes than to live on and cultivate the property. Apart from this, the obligation of residence cannot be the best provision to prevent speculation or to ensure an economic use of the land.

The right of pre-emption for the state or for local government, if it is used to a considerable extent, must tend to diminish the supply and to increase the price of land. The same would be the result of a tax on capital gains. Restraint of the free transfer of land from farming to use for other purposes, except for areas planned for town development, of course, must tend to increase the price of land within these rather limited areas where development concentrates, especially within areas where demand for sites is greatest and the supply insufficient. It is well known from experience that land speculation is going on also in adjacent areas, in spite of the prevailing restrictions on subdivision and the erection of buildings. Anybody knows that such restrictions sooner or later must give way to the pressure of development, and those few who are cunning and lucky enough to get the restrictions abolished for their land are dominating the supply to the large number of prospective buyers wanting to use the land.

This complex of different bills, although ambiguous and intricate, shows a sincere intention to tackle these problems which necessarily must be solved, but they are lacking that solid foundation on which alone a rational, clear and simple solution of the land question can be built.

An extension of land-value taxation, including up-to-date valuations, the payment of full normal interest to the state on all increases in land values, and planned gradual collection of the full economic rent of all

land should abolish every possibility of land speculation and of investment in land values and ensure that those intending an economic use of the land become the only buyers of land, and without having to pay exorbitant prices. Special provisions to restrain the acquisition of farms by townspeople and foreigners then would be unnecessary.

This simple reform, which would ensure free and equal access to land for an economic use and at the same time reduce property prices and the tax burden on productive labour and capital, would also have the effect of removing the conflict between private and public interests when town and country planning is to be used for the allocation of agriculture, industries and dwellings, and make it easier to acquire in the free market land needed for public purposes or for common use as well as to preserve certain areas in their existing state. It would not be necessary for the authorities to make use of a right of pre-emption or expropriation except rarely and by special circumstances. Sales of public land, of course, could be effected on an annual rent basis only.

When the fate of the new land laws is decided, the efforts must be continued to accomplish full land-value taxation and on this foundation to simplify the land laws to the extent thereby made possible."

In spite of the fact that the referendum took place in the summer and usual vacation time, an average of 72 per cent of more than three million voters took part in the referendum.

All four laws were rejected by a considerable majority! This was a shock to the Government. They had sent the laws out to referendum confident that a majority would vote for them. It is this shock that created the background for the next steps taken by the Government.

The Opposition claimed that the result of the referendum ought to force the Government to resign and that new elections should be held immediately. At the same time they started a vigorous campaign against land-value taxation and especially the land-value increment taxation.

The result of the referendum and the following vehement campaign could not force the Government to resign, but they got frightened to such an extent that they proposed that the regular valuation of land (which takes place every four years and should have taken place in September 1964), should be postponed one year until 1965. This has now been passed by a majority in Parliament. At the same time this law fixed the increment taxation at its present level and provided that the annual revaluation in 1963 and 1964 should not have tax consequences. This will mean that in the coming year we will get an even smaller amount of the public revenue through land-value taxes.

The trend has not been too encouraging so far. In 1938/39 land-value taxes amounted to 8.4 per cent of the total taxation to state and commune. The

following figures will show the development:

1938/39	8.4 per cent
1946/47	4.8 " "
1951/52	5.6 " "
1957/58	5.5 " "
1961/62	5.4 " "
1963/64	4.6 " "

Besides this, to-day the land-value tax and land-value increment tax (to state and county) on agricultural property is being repaid to the owners through subsidies. This has not been taken into consideration in the above figures.

It is most unlikely that further steps will be taken before the election on September 22. When I said at the beginning that recently we have experienced certain signs of a step backwards you will understand why.

The Conservatives and the Liberals (Venstre) have even tried to take advantage of the situation and campaign against the land-value taxation we have, but they have been forced by their own people (representing the municipal and parochial authorities) to stop this propaganda as many of them get a considerable amount of their revenue through this taxation.

The time is propitious for freer trade in Europe and many other parts of the world, but at this moment in Denmark we must put all our efforts into simply keeping the sensible land laws we have - and here it looks as if we can seek help in the municipalities as it is a fact that although the Conservatives, for example, at their annual party-meeting recently tried to make it part of the party programme to give up all taxes on land, this was overruled by the party's representatives from the various municipalities all over the country.

A hope for the future is also to be found in the interesting research Professor L. Wasserman has done on the subject of a full land-value tax programme in Denmark. The first result of this research was published in "The American Journal of Economics and Sociology" (Vol. 22, No. 3, July 1963) under the title "Denmark: Land, Politics and Single Tax Sentiment."

From the figures mentioned in this article one can calculate that there seems to be approximately 400,000 voters (out of some three million) in favour of introducing full land-value taxation in Denmark. Divided up into political groups we come to the following result:

Political party	Number in favour of full land- value taxation
Socialists	163,840
Radicals	18,330
Conservatives	56,680
Liberals	56,320
Justice Party	47,320
The Independent	13,770
Socialistic Folkparty	32,780
	<hr/> 389,040

In spite of the uncertainty surrounding such figures they can give us an idea of the political possibilities for a full land-value tax programme after the election of September 22, and they are also evidence that much has been achieved so far.

However, in front of us we have a long way to the goal we aim at - the carrying into effect of "Fuld Grundskyld" (land-value taxation in its fullness) and free trade, and the abolition of taxes on all labour-created values and incomes! To attain this aim we must seek associates from all classes in the community and from all political parties.

Through The Henry George Society in Denmark we are working at this and we realise that we will not reach our goal unless we constantly carry on the educational work.

This work is of the utmost importance as we are living in a time of massive popular counterrevolution against liberal democracy. It is a reaction to the failure of the West to cope with the miseries and anxieties of the twentieth century. The liberal democracies have been tried and found wanting - found wanting not only in their capacity to govern successfully in this period of wars and upheavals, but also in their ability to defend and maintain the political philosophy that underlies the liberal way of life.

If we go back to the beginnings of the modern democratic movements in the eighteenth century, we can distinguish two diverging lines of development. The one is the way of progress in liberal constitutional democracy; the other is the morbid course of development into totalitarian conditions. History has conveniently shown us that the life-and-death struggle in the future will most likely be between the dominating state and the state of righteousness!

It is our task to show the people who rise up against freedom that in spite of failures there are tremendous possibilities in a world of freedom where there is a just distribution of wealth. As to what is the just distribution of wealth there can be no dispute. It is that which gives wealth to him who makes it, and

secures wealth to him who saves it!

However, we must realise that many people have found no answer to their anguish over the principles and practice of freedom as applied in the liberal democracies. There is a profound disorientation in their experience, a radical disconnection between the notions of their minds and the needs of their souls. They have become the "lonely crowd" that Riesman has described. They are without belief and faith that they can live by.

It is thus our duty to give people something to believe in - to tell them that the freedom which modern men have turned away from, seldom with regret and often with enthusiasm, is the hollow shell of freedom, and that Henry George showed us what genuine freedom is.

No one generation can do this, and as each new generation to a certain extent is faced with the task of rediscovering and relearning, it is going to be a slow process. But we will succeed. The bitter end of tyranny has become visible in the countries of the total revolution against liberty and the terrible events have shown that the harder they try to make earth into heaven, the more they make it a hell. These people will be yearning for genuine freedom and they will be attentive to us when we tell them in the words of Henry George:

"We cannot safely leave politics to politicians or political economy to college professors. The people themselves must think, because the people alone can act."

The great work in Denmark and all over the world for every man and every organisation of men that wants to improve social conditions is the work of education - the propagation of ideas.

If we carry on this educational work I have great hopes for the future and I am convinced that within the next ten to fifteen years we will have in Denmark not just 400,000 but one million voters in favour of full land-value taxation, and more than two million voters in favour of free trade.

Let us unite and work for the same result in other parts of the world as well having in mind also the underdeveloped countries that generally are underdeveloped because their people are strangled by land monopolies.

We are met in an hour of tremendous opportunity!

NOTES