

He must urge not only the abolition of the customs houses at our ports but also the abolition of the invisible customs houses within the country where, with less ceremony but with equal disregard for the rights of individuals, the Inland Revenue authorities frustrate and discourage exchange by unjust and wasteful systems of taxation. Such taxation, together with the quotas, licences, and other restrictive regulations must be swept away and replaced by a system of taxation, the effects of which will be to encourage production and exchange instead of discouraging it. Many of the schemes which involve restrictive legislation and bad taxation are intended to redistribute

wealth so as to relieve want. But such schemes are arbitrary in their application and unjust in their effect and go nowhere towards removing the cause.

Tariff Preferences, Empire Free Trade, European Free Trade and world-wide bargaining of tariffs are a refurbish of protectionism and should be repudiated by any one who speaks in the name of free trade. Only by recognition of the moral issues involved in the production, exchange and distribution of wealth can the fallacies that have so great a hold on the world to-day be unravelled and the way made clear for just action.

V. H. B.

DANISH LAND-VALUE LEGISLATION

The Parliamentary Commission which was appointed at the instance of the Justice Party immediately after the General Election in 1947 is still in session. It had the duty of examining the steps that would be necessary for effecting the outright adoption of land-value taxation to the fullest extent—that is to say the collection for the benefit of the community of the land rent which is not collected nor collectible by the present measures of land-value taxation. The scope of its enquiry was very wide because it included consideration of valuation methods, problems underlying the mortgaging system, how the distribution and use of land would be effected and the remission of taxes on industry. The duties of the Commission have devolved on several sub-committees, but when the report will be forthcoming is not yet known. The Justice Party, confirmed in doubled strength as the result of the General Election that has just been held, are pressing for the Commission to expedite and complete its work. In the meantime all that the Government has done is to pass an Act in June last amending the "increment" tax, viz., the special and extra tax which is levied on *increases* in land-value which was instituted by the Act of 1933. We recur to this in a later paragraph.

The Danish land-values legislation embodies a uniform national land-value tax levied annually on the value of all land throughout the country, and the local taxation of land-values, also based on the *whole* capital value of land apart from improvements, levied annually by the towns, counties and parishes for their local purposes. That legislation was enacted by the Act of 1922, for the national tax, and the Act of 1926, for the local rating. The land-value is ascertained and assessed at periodic valuations of the whole country, these having taken place in 1916, 1920, 1924, 1927, 1932, 1936 and 1945. The 1950 general valuation is now proceeding and thereafter periodic valuation will take place every fifth year.

The national land-value tax is at present at the rate of 6 crowns for every 1,000 crowns of the land-value of each property. The "poundage" of the local rates on land-values varies from place to place. In Frederiksberg it is 8.4 per 1,000; in Copenhagen it is 7.5 per 1,000; the average for all the towns is 6.6 per 1,000. In the towns the land-value rate provides only a small fraction of the municipal tax revenues, the rest coming mainly from local income tax. But in the counties and parishes, that is to say in the *rural* districts of the country, a much larger proportion of local revenues is derived from land-value rating. These rates also vary widely from district to district and the average over the whole country, taking parish and county rates together, is 38 crowns per 1,000 (3.8 per cent.) of the capital value of the land apart from

improvements. (The official statistics are most comprehensive as well as illuminating and are given in the annual publication of the Statistical Department, *Property and Personal Taxation*, of which the volume for 1949/50 is now available.)

INCREMENT TAXATION—ITS DRAWBACKS

For the levy of the separate *increment* tax, which is super-imposed on the foregoing taxation, a datum line is chosen and if the land is found to have increased in value at subsequent valuations, the amount of the increase—the difference between the capital value at the "datum line" valuation and the capital value at each subsequent valuation—is assessed to an annual tax which thereupon becomes a "rent charge" on the land.

The 1933 Act which instituted this tax established the 1932 valuation as the "datum line" for future increments and the rate of tax upon them was fixed at 2 per cent., but such subtractions from the actual increment are made that the tax finally affects only large increases in value.

The annual revenue from this specific increment tax in 1949/50 was not more than 8,000,000 crowns whereas the revenue from the straightforward national and local taxation on land values (as described in the first part of this article) was 205,000,000 crowns.

The amendment in the increment tax law, made by the Act of 1950, altered the rate of the tax from 2 to 3 per cent.; it made the 1950 valuation the "datum line" for all subsequent increases in value; and by various further allowances, before the actual *taxable* value is struck, it concentrated the incidence of the tax still more on the larger increases in land value.

This attempt to "capture increments," which is not at all the taxation of land values properly understood, is a most complicated structure full of concessions of all sorts which make more or less nonsense of the actual intention. There is no really defensible principle behind it—that special taxation should be levied on special lands just because the rent they now command (assessed at a selling price) is greater than the rent they commanded in some given previous year. To illustrate an apparent anomaly and injustice: There are two pieces of land, yours and mine. Yours in (say) 1932 could command an annual land-rent of £50 and would be assessed at a capital value of £1,000. My land in 1932 commanded a rent of £100 and its capital assessment was £2,000. In 1950 your land commands a rent of £100 and its capital assessment (always reckoning at a 5 per cent. rate of interest) is now £2,000. But my land in its different situation has not risen in value. In 1950, its rental value is still £100 and its capital value still £2,000. But what

now happens? The capital value of your land has risen—quite true—by £1,000 and if the increment tax is (say) 3 per cent. your land is charged with an annual duty of £30 payable each year thereafter. My land has not risen in value and I therefore suffer no extra charge. In both cases all the rent of the land has been consumed between 1932 and 1950 and I have consumed—appropriated to myself—far more of this communal value than you have. As for the future, I who have a piece of land with rental value of £100 escape entirely from this charge called “increment tax” while you, whose land now has precisely the same value as mine, must in future pay £30 a year out of your rent. It seems quite irrational and if this were extended indefinitely into the years we should reach a state of affairs departing violently from “an equal tax on equal land” which is the taxation of land values. There is a decided danger that thought might be concentrated not on the moral and economic principles of land value taxation and their fulfilment, but on mere revenue devices that have little or nothing to do with it.

ANNIVERSARY OF A DECLARATION

The Lead that was given by the Danish Small Peasants

November 8 marks the anniversary of the historic resolution adopted in the town of Køge in 1902 by the Danish housemen (best described as crofters), themselves proprietors of their holdings. They developed the sentiment for Land Value Taxation and Free Trade and did much to help the growth of the Georgeist movement in Denmark to its present status and influence. These small peasants are banded together in associations and federations now numbering well over 80,000 members and their manifesto has been confirmed over and over again. They declared:—

“As small farms and independent husbandry have proved the most advantageous form of agriculture, in the interests both of the community and the individual, and may therefore be expected to become the most general (and in future possibly the only) system of Danish agriculture, our occupation and progress cannot be virtually supported by any help from the State or from other classes in the community. We can only prosper if the law fully recognises that the small-holders and all other classes in the community have equal rights.

“The housemen, therefore, do not ask for any favours in the way of taxation . . . We do demand the earliest possible removal of all tariffs and taxes levied upon articles of consumption, such as food, clothes, furniture, buildings, stock, tools, machines, raw materials and the products of industry, as all these burdens (often increased by fiscal protection) are pressing with an unjust weight upon labour and the small home.

“In place of these taxes we demand, for the provision of revenue for public needs, the taxation of the value attaching to land, which is due to no person’s individual labour, but arises from the growth and development of the community, reaches enormous figures, especially in the large towns, and is appropriated as an unearned gain by private speculators who have no title to it, instead of being paid into the public treasuries of the State and municipal authorities. The taxation of land values would not burden labour but, on the contrary, cheapen land and make it easier for every man to obtain his own home.”

HOUSING FACTS

GLASGOW CONDITIONS

Famine of houses is draining the life of Glasgow and endangering the future of its 1,100,000 inhabitants. In five years the total waiting list (nearer 100,000 than 96,000) has not been diminished by a single digit!—*Denis Weaver in the NEWS CHRONICLE, June 23.*

While 15,000 houses have been built since the war, 2,400 have become uninhabitable. 40,000 are homeless.

Councillor A. Macpherson Rait, convenor of Glasgow’s housing committee, said: “In Glasgow we have more than 100,000 houses a century old of which 16,000 have been condemned but must be retained at present. 40,000 of them are sub-standard with outside toilets and no bathrooms. We are not satisfied that our permitted target for new house building is sufficient. At present 24.4 per cent. of building trade operatives are employed on housing. People on the waiting list are becoming restless as they see shop fronts being altered, restaurants enlarged, and so on, while they still wait. In the period from August 1, 1945, to December 31, 1949, the Ministry of Works sanctioned an expenditure of 15½ million pounds for Glasgow building other than housing.”

DISCLOSURES IN THE HOUSE OF LORDS

Speaking in the House of Lords on June 22, the Archbishop of York (Dr. Garbett) said, “The position is extraordinarily grave. I doubt if there was any time within the last hundred years when overcrowding has been so grave, and when slums have been so disastrous as at present.” An expert reported that of 19,000 dwellings at West Hartlepool 2,700 were badly blighted and 5,300 below standard. The medical officer of another large town said 20,000 houses ought to be demolished.

In Brighton a number of families of five lived in one-room apartments 10 ft. by 10 ft. In Portsmouth in 1948, 7,530 families were applying for houses; in 1949 that figure went up to 9,636, and this year to 10,455.

Dr. Garbett referred to an inquiry in Liverpool into 2,000 unhappy marriages which showed that 900 could be attributed to bad or overcrowded housing. “The continuance of the slums is a problem of the first magnitude and most of our social reforms will be adversely affected by it.”

Speaking of building costs, Lord Quibell said that building timber which in 1946-47 was £45 a standard was now £69. Cement prices had risen by 5s. 6d. a ton. Prices of sand, gravel, steel windows and other building materials had similarly risen and were due partly to high transport and coal charges, and partly to the price-fixing policies of the Government and trade organisations.

THE SITUATION IN WALES

The housing problem is not restricted to the cities and large towns. Denis Weaver (*News Chronicle*, July 10) writing from Carmarthen, South Wales, tells of a “dangerous drift from the land.” “Town workers are taking over homes in the country which workers cannot afford or cannot live in because they are too far from the farms, and agricultural workers trained in production of foodstuffs are heading for town in search of better-paid jobs.”

LIVING IN CARAVANS

According to the *Estates Gazette*, July 22, Gloucester has applied for the discontinuance of the use of a site for caravans. The Corporation’s town planning consultant