

DANISH LAND VALUES COMMISSION

Certain proposals contained in a Report issued last October by the Danish Land Values Commission were discussed at the International Conference. These proposals were stated objectively in a specially prepared document circulated to the members.

Briefly recapitulating the circumstances: The Commission had been appointed in 1948 to consider in all its bearings the proposition that the whole amount of the economic rent of land, including that already publicly appropriated through the existing national and local taxation of land values, should be collected for the public benefit. The twenty-four members were drawn from each of the political parties and from societies of tenants, farmers, landowners and mortgagees, and included individuals with specialist knowledge and government officials. Eleven members were either non-committal or critical, or definitely hostile, but the thirteen-member majority had been agreed that the total collection of the economic rent could be achieved by imposing in addition to the present land value taxation, a "land-rent-charge" of 4 per cent on the capital value of all land apart from improvements. A draft Bill in two parts suggesting how this could be achieved legislatively was included in the Report. Agreement among the thirteen members was confined to the first part dealing with the collection of the "land-rent-charge." Seven of the members had advocated, and six had rejected, specific proposals by which the State would be committed to paying compensation to landowners—a "settlement" sum as it was called—equivalent to three-quarters of the 1950 assessed value of their land. The seven signatories who supported the Bill as a whole had stated that they had not felt called upon to offer any "special recommendation as to the tax sources which should supply the means for meeting the cost of the settlement, but it is conceived that this shall be effected in such a manner that productive activity in the community and the incomes and consumption of ordinary folk are not laid under increased tax pressure." One could infer from the Report that some forty years would pass before present rates on improvements were finally removed.

The explanatory memorandum submitted to the Conference included extensive quotations from the summary of the majority's recommendations which had appeared in the form of notes on the draft Bill, and resums of the submissions made by the six dissentients—these being Mr. Hans Andersen of the Tenants' Association; the Social Democrats, Helge Eriksen and Fr. W. Teichart; Mr. K. J. Kristensen; the economist, Professor Kjeld Philip; and Mr. Karl Skytte, Radical Liberal M.P.

Mr. K. J. Kristensen, introducing the discussion, said they could appreciate the importance of the fact that the majority of a Commission appointed by the Danish Government had declared in favour of the total collection of the economic rent of land for the public benefit. Apart from the vexed matter of compensation to landowners which a section of the majority had commended (and in arguments which he himself had rejected) there were these features in the Report on which opinion was united: Until such time as the land-rent-charge was raised to the full 4 per cent per annum, an immediate one-per-cent charge would be levied (over and above the existing land-value taxation) without providing the landowners with State monies to pay it; on all increments in land values, the full 4 per cent charge would be levied and this also with no compensation payable to landowners; the scope and incidence of the existing taxation, national and

local, on land values would be preserved, with continued opportunity given to the local authorities to shift their taxes from buildings and incomes on to land values in so far as they did not trench on the State's due share of the land-value revenue. The majority as a whole had categorically stated that there was no moral obligation on the State to give compensation, or pay the "settlement sum" as it was called, to the landowners when their power to appropriate land values ceased; it was when, so it was alleged, this appropriation was brought suddenly to an end, that compensation would be justifiable as a matter not of right but of expediency. There was some significance in the fact that whereas up till then the Social Democrats and the Justice Party had stood for the full public appropriation of the rent of land with full compensation to landowners, they had now moved into a position of agreeing to "not more than three-quarters" compensation. Nevertheless, out of these confusions, there had come the agreement as above stated which offered the way to straightforward progress and by a long step. The legislation which had put land-value taxation on the map in Denmark had had the consistent support of the Social Democrats, the Radical Liberals and the Justice Party; and with these parties making together a majority in Parliament, there were prospects of further progress being made.

Mr. F. A. W. Lucas was outspoken in opposition to the idea that any loss sustained by landowners as the result of the community collecting its rightful revenue should be made good by the payment of compensation. He said that he would not wish to see introduced in South Africa or in Britain a scheme such as that under discussion. However that might be, he reminded members that the previous afternoon when addressing Scottish delegates to the Municipal Conference he had deliberately refrained from telling them what Scots should do in their country, and he believed that it would be wise if members of the International Union were equally circumspect about the Danish compensation proposals, leaving the issue to be resolved by the Danes themselves.

Mr. Ashley Mitchell endorsed this advice; the proposals were being discussed because they were naturally of interest to members of the Union but they were not its concern. In his view those who represented the Commission's proposals as offering some advance towards the goal of the land for the people were very much deluded; he thought it was ridiculous that the State should be called upon to impose taxation and at the same time to issue bonds from the interest of which such taxation could be met. Mr. V. H. Blundell echoed this view, saying that to him the proposals sounded suspiciously like a confidence trick.

Mr. V. G. Saldji was at pains to emphasise the importance of remembering how the majority of the Commission had been almost equally divided on the compensation question, seven having been in favour, and six against; it was a mistake therefore to think that compensation had any great support. Mr. Saldji also answered the plausible fallacy sometimes encountered that the "step-by-step" appropriation of land values involved compensation because landowners were thereby enabled to retain a gradually diminishing part of the rent of land, and he made clear that there was no question of the movement in Britain, or of the International Union, being in favour of, or advocating, the partial collection of that public revenue. They wanted the whole land value to be collected as expeditiously as possible, but would not refuse some because they might not be able to get all.

Others who took part in the discussion were Messrs. Pot (Holland), Standing (W. Australia), Tideman (California), C. H. Batty and H. Sandau (Denmark).