

## INTERNATIONAL NEWS

## DENMARK

## The Bill for Local Land Value Taxation

The Parliamentary Committee on the Government Bill issued their report on 6th April. The consideration of the Bill has occupied several months. Meanwhile the session of Parliament has come to an end and there will be no further progress with legislation until Parliament re-assembles in October next.

The Committee on the Bill consisted of 15 Members—6 Social Democrats, 2 Radicals, 5 Moderate Liberals and 2 Conservatives. The report states that the Committee received deputations and memoranda from a number of bodies, such as Market Gardeners' Associations, the House Tenants' League, the Amalgamated Building Societies, the Association of Parish Councils, etc. The Ministry of Home Affairs compiled for the Committee very complete data showing how the provisions of the Bill would operate in a number of typical parishes and local areas. That material will be of great importance in later discussions in Parliament and it is hoped it will be printed and published for the information of Members.

## A Revised Measure Proposed

The outcome of the Committee's deliberations is that the Majority (made up of the Social Democrats and Radicals) have gone far to meet the ideas of the Moderate Liberals and they have recast the Bill. They have drafted a revised measure which is simpler in many respects than the original Government Bill, although it does not provide for as high a rate of tax on land values. The matter may be readily followed by reference to the article on the Government Bill in January LAND & LIBERTY. In the measure as now revised by the majority of the Committee the scheme of converting the old land and building taxes into a fixed charge (so that properties burdened with these taxes would continue to bear that burden at a fixed amount) has been abandoned. The proposal is now to abolish these old taxes altogether and replace them by a land value tax and an improvements tax, but the rate of tax on improvements shall not be more than two-thirds the rate of tax on land values. The towns appear to have the option to make the improvements tax less than two-thirds the land value tax, whereas the counties and parishes must levy the improvements tax at two-thirds the rate of tax on land values.

In the towns the rate of land value tax must not be more than 9 per thousand (the Government Bill placed the maximum at 15 per thousand) while in the counties and parishes there is no specified limit. In the latter, the rate will depend on what will be required to replace the taxes that the measure proposes to abolish.

The distinction drawn in the Government Bill between agricultural and non-agricultural properties within counties and parishes disappears.

The revised measure further provides that a given amount of building value shall be entirely exempt—not less than 3,000 crowns and not more than 10,000 crowns—with an addition of 2,000 crowns for each separate dwelling even if part of a tenement. It will be left to the local authority to decide what exemption will be allowed within these limits. But in respect of all properties containing dwellings, erected since 1st June, 1916, there must be an exemption of building value to the amount of 12,000 crowns for every separate building.

The supplementary tax on increases in land value remains part of the revised measure. Wherever the assessed land value at the date of periodic valuation

shows an increase over the previous valuation, town and parish councils may levy a special annual tax at a rate up to 15 per thousand of the increase, but in every case 10 per cent of the increase shall be exempt from such taxation. Under the original Government Bill, the taxable increment was the increase in the value of any land which was relatively greater than the average increase over the whole country.

There were defects in the original Government Bill and there are weak points also in the revised measure. For example, it is proposed that no property shall pay less in taxation as the result of the change than was paid in the year before the Bill becomes law. Where the new taxes would amount to less than the old taxes, the property is to be surcharged with the difference. This no doubt is submitted as an alternative to the original plan of commuting the old land and building taxes and converting them into a fixed charge.

There is also a concession of a transition period whereby, in effect, vacant land cannot be taxed at more than 5 per thousand for the first two years and 7 per thousand for the next four years. These departures from the principle of land value taxation are much to be regretted, but the measure has to be regarded as a compromise and the best that could be done in the present circumstances.

Four of the Moderate Liberals on the Committee recommend proposals that in general outline are embodied in the revised measure drafted by the majority of the Committee; but they would put a defined limit to the county rate of land value tax and would not exempt improvement value beyond 6,000 crowns. They would also "prevent any considerable shifting of taxation from non-agricultural properties as a whole to agricultural properties as a whole." The fifth Moderate Liberal, Mr. Aksel Jensen, the leading opponent of Land Value Taxation in Denmark, is a minority by himself and reserves any statement of his attitude until the debates in Parliament are resumed.

The two Conservatives stand for the existing taxation on (the selling value of) land and improvements, without separating land from improvements. They declare this should be the only tax on real estate, and that a limited amount of the composite value should be exempt. They suggest that an increment tax deserves consideration, but only in the case of such increases in value as are revealed when land is sold or transferred. In this connection it is interesting to recall the official notes on the Government Bill, with their destructive criticism of any increment tax levied when sales or transfers of land take place.

## The Bill and the Local Elections

For the copy of the Committee's Report we are indebted to Mr. Abel Brink, who in a covering letter writes (13th April):—

"The measure will unfortunately not be carried this year as Parliament was adjourned at Easter and the next session does not begin before October. It is an advantage to know what is the attitude of the various political parties to our question. The proposal is not bad as a beginning (despite its defects). It is a step in advance. Incidentally all new houses built since June, 1916, will, if the Bill passes as now drafted, be practically exempt from taxation. The pity is that the people have to suffer yet another year under the old unjust tax system, which will become less justifiable in the country districts if taxation on the combined value of land and improvements wholly replaces the 'hartkorn' tax, as it will, unless the law is amended. (The nature of the 'hartkorn' tax, a tax on the

"goodness" or capacity of land, was explained in January LAND & LIBERTY. The tax should have disappeared this year but special legislation was passed to keep it in force for another twelve months while Parliament was considering the new Bill for Land Value Taxation.)

"The main result of the elections for the local councils was that the Radicals increased their strength as did the Conservatives, whereas the Moderate Liberals and Social Democrats lost seats. The new 'Justice Party,' which stands so strongly for Land Value Taxation, secured 19 or 20 seats in various towns and parishes and won victories especially in the Aarhus county. The entry of the Justice Party into the campaign stiffened the Radicals who came out strong on our question at their meetings. Notable election results were the return of Mr. Markus Hansen, Mayor of Brønderslev and of Mr. Christensen, a lifelong Georgeist, in Silkeborg. The Liberal paper POLITIKEN now frequently gives space to articles on land values taxation, and in the Socialist paper SOCIALDEMOCRATEN, very informing articles have been contributed by Mr. Steincke, the Minister of Justice."

## SOUTH AFRICA

### The Work of the Land Values League

We welcome a new publication, THE LAND VALUES RECORD, issued, price 6d., by the Provisional Committee of the South African Land Values League. Valuable information is given concerning the progress of land value taxation in the Cape Province, the Transvaal and Natal, and among other matter there are articles explaining the principle of land value taxation as it affects farming and other occupations. Of particular interest also is the reprint of the correspondence that passed between Mr. George Burgess of Durban (author of EVERY MAN'S WAGES, published by the United Committee) and the President of the Natal Technical College regarding the books on Economics in use at the College and their defective treatment of land as a factor in production.

### Cape Province

The RECORD states that the Cape Province Valuation Ordinance of 1914 exempts certain improvements from the taxation levied on immovable property and explains how these exemptions might well serve as a basis for further exemptions until the taxation is levied entirely upon the site or unimproved value of all land. It is one of the objects of the League to press for a provincial tax on land values in place of the existing property and income taxes. A complete valuation of the Cape Province was made in 1918 and the aggregate values were as follow: Land Value, £80,191,339; buildings, £58,417,419; beneficial improvements (exempt from taxation), £17,657,588. The revised valuation for 1923 is in process and no results are yet available.

### East London

"The land question in its theoretical aspect was debated in East London as far back as 1903. . . . In those days an intensive study was made of Henry George's PROGRESS AND POVERTY, from which were gathered economic principles that have ever since, as with many others, constituted for the local group a basis for an all-embracing philosophy of politics." In 1919, after the Cape Province Municipal Ordinance had been amended to give powers to municipalities to levy differential rates on land values and on improvements respectively, East London imposed 6d. in the £ (selling value) on land value and 3½d. on improvements.

Since then, the land value rate has been increased and the improvement rate has been diminished, and for the past two years the amounts have been respectively 1s. in the £ and 2d. in the £. A comparative table of buildings erected in East London shows as follows:—

	£
Year 1913 .. .. .	99,128
Years 1914-1918 .. .. .	170,027
Years 1919-1924 .. .. .	781,665
Annual average 1914-1918 .. .. .	34,005
" " 1919-1924 .. .. .	156,333

The years 1914-1918 were of course war years; yet the great progress of building construction from 1919 when land value taxation was adopted is most striking.

### Cambridge

In Cambridge, the borough adjoining East London, the local rates have been imposed wholly as land value since the beginning of 1919. Buildings and other improvements are entirely exempt. In 1924, the land value rate (selling value) was 7½d. in the £. The amount of building in Cambridge is three times as great per annum, since land value rating was adopted, as in the 40 years preceding the change. A noteworthy feature is the large number of buildings put up by artisans costing about £400 on land valued at £25. The municipal rates on such a property for the current year (1925) amount to 15s. 8d. Had the rates been levied on the old basis of land *plus* improvements, the local taxation on these houses would have been £3 11s.

### Transvaal

The Johannesburg Town Council took the lead in demanding taxation of land values, and in 1916 an enabling Ordinance was passed by the Provincial Government giving the necessary powers to the towns and village councils. The local authorities must tax land values at least 1d. in the £ more than they tax improvements; and no improvements can be taxed unless an equivalent tax is levied on land value, in addition to the compulsory 1d. in the £ named above.

### Johannesburg

Johannesburg, taking advantage, began in 1918 to levy all rates on land value, and has continued to do so since. In 1924 the rate was 6½d. in the £. During the past seven years (1918 to 1924) the estimated cost of new buildings has been £13,168,134.

The following figures taken from the valuation roll are also of interest, comparing the year 1924 with the year 1917, the latter being the year previous to the adoption of land value taxation:—

	Value of Land.	Value of Improvements.
	£	£
1917 .. .. .	14,747,616	16,581,664
1924 .. .. .	16,085,714	34,595,223

Thus the valuation of improvements (which are free from taxation) has increased by £18,014,159 whereas the selling value of land has remained almost stationary, the increase being only £1,338,098. The tax on land value has kept the *price* of land in check and has given enormous encouragement to improvements. Land value has fallen heavily as a proportion of total value, and the figures demonstrate in an illuminating manner that *the tax on land values cannot be "passed on."*

### Other Transvaal Towns

A table is published of the rates levied in the other Transvaal towns during each of the years 1919-20 to 1923-24. The position in 1923-24 was that eight of these towns levied all rates on land values—Benoni,