

INTERNATIONAL NEWS

(Press Service of the International Union for Land Value Taxation and Free Trade, 94 Petty France, London, S.W.1)

DENMARK

UPHOLDING THE LAND VALUE TAXES

The present Ministry in Denmark is a coalition of Radical Liberals and Social Democrats.

Grundskyld for March, organ of the Henry George Union, reports the interview the Joint Land Values Committee had with the Prime Minister on 3rd March in the matter of the taxes on real estate, which include the county and parish rates on land values. An agitation directed by the larger landowners is on foot to reduce these taxes on the pretext that they are a burden on agriculture, which needs relief in this time of depression. The deputation was led by Mr F. Folke. A memorial was presented to the Government that reduction in the taxes on landed property, far from benefiting the working farmer, would stimulate land speculation and give further impetus to the mortgaging of land. It would be a gift to the interests living on the mortgage debt that places such a load on agriculture to-day. It was a plan to make this debt more secure, to dispossess the people of their common rights in the value of land and make them bear the burden by means of oppressive taxes on their trade and industry. The deputation called on the Government to develop and extend the land value taxes for both State and local purposes, to put the public right before the claims of special interests and relieve the land users of the taxes on earnings, consumption, transport and trade.

The ministerial reply was that the Ministry was in accord with the sentiments expressed by the deputation. It had consistently taken its stand against the schemes for remitting or reducing the taxes on landed property, aware of the injury this would do. It was not possible to say at the moment what emergency measures would be needed to tide over the present difficult situation; but as to any permanent measures, the Ministry would pay heed to its declared policy when it was formed, which was in practical harmony with the views of the Land Values Committee.

MR F. FOLKE

It is pleasing to notice the active part that our colleague and co-worker Mr F. Folke (President of the Henry George Union) took in making these representations to the Government. Mr Folke has been seriously ill for a number of months. He is to be heartily congratulated on his recovery.

DEBATE IN THE UPPER HOUSE

The same issue of the *Grundskyld* reports at considerable length the speech Mr Dahlgaard (Radical Liberal) the Home Minister delivered in the Upper House opposing the proposal there made by the Conservatives and the Moderate Liberals for reducing the taxes on landed property. He was emphatic in declaring that the proposal would not only be a catastrophe for the finances of the local councils but would be an enormous free gift for all future time to the larger landowners; the smaller landholders would get no relief, on the contrary they would have heavier burdens piled on them; and the younger generation (with land raised in price by this "derating") would have new barriers raised against their access to land and opportunities to make a living.

DECISION OF THE GOVERNMENT

The Copenhagen Radical daily, *Politiken*, of 20th March, announced the breakdown of the compromise arrived at between the Government and the Opposition Parties (Conservative and Moderate Liberal) in October last. Emergency measures had then been adopted which embodied certain taxes imposed temporarily to tide over the crisis and a certain slight and temporary modification of the land value taxes. The Conservatives had not been satisfied with these emergency measures and had pressed for a drastic reduction of the taxes on real estate (including the land value taxes) as a permanent policy. The Government refused point blank to do anything of the sort and the October compromise with the Opposition has come to

an end, the Government being free now to put forward its own proposals.

Politiken, in its leading article on the situation, says:—

"The Conservatives were aiming at a permanent and far-reaching transformation of our whole tax system. To be frank, it was an attempt to take advantage of the crisis to bring financial pressure on the Government. . . . No crisis, however serious, can alter the circumstance that there is no more just basis of taxation than the land and its value. The Conservative tax-relief would have been a splendid gift to all landowners, both those who demanded it and those who did not. The State would be deprived of its most assured revenues for the sake of the present proprietors who would put the profit in their pockets and their successors would be as badly off as ever. Among the favoured people would be the owners of land in the country towns, well-to-do citizens who already by anticipation would enjoy a handsome gain by the inevitable increase in land values, to which they had not contributed a penny-worth—all of them, under pretext of the crisis that afflicts the country, would get these extra winnings in the lottery. Take, for example, two of our wealthiest communities, Gentofte and Søllerød. The Conservatives would pour over them a rain of gold, at the same time hitting the poorest with a tax on coffee and burden industry with a further tax on petrol. If the Conservatives so misconstrue the serious situation of the moment that they imagine such a policy can be adopted, so much worse for themselves."

The Conservative newspaper, *Dagens Nyheder*, of the same date, deplored the breakdown of the compromise, saying the fixed property taxes should be lowered to the pre-war level. (In other words, that the Land Value Tax Acts of 1922 and 1926 should be repealed!) The Conservative paper continues: "It has not been possible on this occasion to effect that. The Government, and especially the Radicals, had encircled this tax system (the taxation of land values) with a concrete wall of dogmas and theories in the name of Georgeism, the Køge Resolution and the programme of the Housemen. It looks almost like sacrilege to demand a permanent reduction of these taxes."

In this Conservative admission, in the action of the Radical-Socialist Government and in the outspoken views of the Radical newspaper, we have a most remarkable testimony to the strength of the opinion in Denmark for the Land Value Policy.

The Køge Resolution of 1902, which is the programme of the Housemen or small peasant proprietors, stands for the taxation of land values and full free trade.

COPENHAGEN LAND VALUES

The 1932 quinquennial valuation of Denmark is now in progress. The preliminary figures for the Metropolis (Copenhagen, Frederiksberg and Gentofte) show that since the previous general valuation in 1927 the land value has increased from 895 to 936 million crowns—from £49,720,000 to £52,000,000. In central business areas the value has been stationary; there is even a decline in one of these wards. The increase has been most marked in the suburbs following (as is natural) the addition to the population in these residential areas. The revised "Land Value Maps" of Copenhagen are now prepared, and *Grundskyld* reproduces one of them making interesting comparisons with the Maps of 1927.

THE STIMULUS TO HOUSE BUILDING

In our previous issue we gave a summary of land value taxation in operation in Denmark. How the building industry has fared under this dispensation is indicated in the March bulletin of the Statistical Department. During 1931, altogether 8,522 dwellings were erected in the Metropolis—by private enterprise and not subsidized—which is considerably more than in any previous year. In the Provincial Boroughs, 5,101 dwellings were built in 1931, whereas, during the years 1916 to 1926 the average was only 2,600 a year. As *Grundskyld* remarks, is it

possible that his building activity has some relation to the increase in land value taxation together with the lowering of taxes on buildings and reduction of the local income tax?

COST OF THE LAND VALUATION

The pretext of the British Chancellor of the Exchequer that it is necessary, for the sake of economy, to suspend the Land Valuation enacted by Parliament last year, prompted an inquiry as to the cost of making the Land Valuation in Denmark. We are indebted to Mr K. J. Kristensen, the chief of the Valuation Board, for the information.

The cost of the Valuation now being made (as on 1st January, 1932) is estimated to be 2,700,000 crowns (£150,000) and this expense will be spread over two financial years. The cost of the previous Valuation (1927), and of the work over the whole five-year period, is shown in the following tabular statement. It is to be observed that this work is continuous, in view of necessary revisions, the making of occasional valuations (as where land is sold and subdivided), the publication of returns, the issue of land value maps, and the preparations for the next general valuation.

The total expenditure over five years was 4,869,000 crowns (£270,500) and of this cost 1,992,000 crowns (£110,660) was refunded by local authorities for work done in their behalf:—

FINANCIAL YEAR	TOTAL COST OF VALUATION <i>Crowns</i>	REFUNDED BY LOCAL AUTHORITIES <i>Crowns</i>
1926-27	2,083,000	251,000
1927-28	980,000	946,000
1928-29	594,000	397,000
1929-30	557,000	209,000
1930-31	655,000	189,000
	4,869,000	1,992,000

COMPARISON WITH GREAT BRITAIN

The total cost, not reckoning the refunds from local authorities, is equivalent to an annual expense of £54,100. In Denmark, the number of properties (or "hereditaments" as they might be called in Great Britain) is 565,000, whereas in Great Britain the number of "hereditaments" to be valued is estimated at 11,000,000, this comprising all the land in town and country alike.

By reference, then, to what is done in Denmark and the manner of doing it, an equally comprehensive and systematic valuation of all the land of Great Britain could be made and maintained at an annual cost of not more than £1,060,000.

The example of Denmark is suggested as a criterion. Small as the cost is, it would be considerably reduced if the valuation was confined to ascertaining *only* the land value. In Denmark two valuations of every property are made, namely the composite value of land with buildings and improvements and the value of land alone, this being necessary because (unfortunately) taxes and rates on buildings and improvements still obtain. These taxes are marked down for abolition and when that day comes, the only assessment required will be that of the land value pure and simple—a far easier and much more expeditious business than the valuing of buildings and improvements.

At the cost of not more than £1,060,000 a year and probably much less, Great Britain could have a valuation of land applying for both national and local taxes in town and country alike. Given the taxation and rating of land values, the "annual" or "rateable value" basis would disappear, and with it would disappear the enormous expenditure, certainly equal to four or five times a million pounds a year, now incurred by the Inland Revenue and the local authorities in making that assessment.

WHAT THE VALUATION REVEALS

The objection against land valuation on the score of cost has never been heard in Denmark, much less any agitation on the part of the landed interests to hold up the work for that reason. There has been no whisper of the foolish and irrelevant comparison between the cost of the work and the revenue obtained or to be obtained from the new system of taxation. The question is not what any beginnings will yield (as a fact £3,472,000 a year is now

obtained from land value taxation in Denmark) but what the valuation will reveal in the way of possible revenues from the land value policy fully developed. A Department is equipped and maintained to produce and prove the figures. It costs £54,100 a year and for this paltry expenditure the Danish people were informed that (in 1927) the aggregate selling value of land apart from buildings and improvements was £283,000,000. The Department is now busy revising all the valuations; and its work is a mighty aid to the propaganda that speaks for the economic and social effects of turning this public value into the public exchequer and banishing the tax collector who would place the burden on any man's labour or enterprise.

SOUTH AUSTRALIA

The People's Advocate (Adelaide) carries the story of what can best be described as a whirlwind platform campaign by E. J. Craigie, M.P., throughout Tasmania and in his own constituency. As this entrancing account of the Tasmanian campaign reads, Mr Craigie left Adelaide on 30th January, returning on 18th February. During that time in town and country districts he addressed meetings in the morning, at lunch time and in the evening and on several occasions was "on the air" dealing specially with Henry George's teaching. On his return to Adelaide he addressed a demonstration at Melbourne under the auspices of the Victorian Henry George League.

After a week at home the strenuous Mr. Craigie set out on a special campaign throughout his own wide constituency in which, from 26th February to 24th March, he spoke at 26 evening meetings. Apart from the report of these activities as given in *The People's Advocate*, Mr Craigie had a remarkable newspaper Press in Tasmania. He is to be warmly congratulated. Having made good in the Assembly he is now out with acceptance in the open field of propaganda. He is making history in Australia.

SOUTH AFRICA

The Office of Census and Statistics, Pretoria, has supplied the United Committee with informing matter on the rating of land values in various parts of the Union and a summary of the facts is here given.

Natal (Durban)

An official questionnaire was passed on by the Census Office to the Town Clerk of Durban, where in 1923 the rating system was altered, the City adopting a land value rate of 6d. in the £ (capital land value) and 3d. in the £ on buildings in place of the former rate of 4½d. in the £ on the composite value of land and buildings.

The Town Clerk mentions the building restrictions in Durban. The height of buildings is limited to 140 feet. No detached house may stand on less area than 4,500 sq. ft. and no pair of semi-detached houses on less area than 6,000 sq. ft. The restriction means that detached houses must be limited to 9 to the acre and semi-detached houses to 14 to the acre. He states also that most of the residential properties are owned by the persons occupying them.

Having noted these considerations, we take the following passages from the Town Clerk's clear testimony to the working of the rating of land values so far as it has been adopted:

"When the flat rate of 4½d. was abolished in 1923 a certain amount of dissatisfaction was shown by the persons owning large areas of ground, as the new system entailed heavier payments by them. There has been no considerable agitation to return to the old system of rating.

"The Borough Valuation Roll has always shown the land values separately, so that no difficulty was experienced in assessing the values when the change in rating was made.

"The new mode of assessment has undoubtedly promoted the erection of buildings. The owners of large areas in the residential districts subdivided into small plots and, with the prevailing demand for land, readily sold, while the purchasers built immediately. In business areas old buildings have been, and still are being, replaced by modern ones.

"A great impetus was given to the building trade