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A LAND VALUE TAX IN DENMARK

Act Passed levying a National Tax on the Value of
all Land and Reducing Taxes on Improvements.

The Danish Bill for the Valuation and Taxation of Land Values, referred to in our last issue as having passed the Lower House by a four-to-one majority on 21st June, was approved by the Upper House on 4th August and received Royal Assent on the 7th of the same month.

The event is of great significance, since Denmark is mainly an agricultural country, and the greatest political support for land value taxation has come from the large class of small peasant proprietors or small-holders ("husmaend"), whose slogan since 1902 has been "equal tax on equal land" with real Free Trade and the removal of all taxation



N. NEERGAARD, Premier and Finance Minister
of Denmark, who piloted the Land Value Tax
through Parliament.

from industry and enterprise. The history of this movement in Denmark was briefly told in the December, 1921, issue of LAND & LIBERTY, and we will repeat its salient facts, with a word of recognition to some of the leaders in the agitation that has now been crowned with triumph.

Let us first describe the new legislation. Denmark takes the lead as the first country in the world to introduce the system of land value taxation on clear-cut principles with a flat tax on all land values. There is no abatement nor graduation, such as has marred, and largely defeated the operation of, the Land Taxes in Australia and New Zealand. All land value is taxed at the same rate, without exemptions in favour of "small men" or special and heavier taxation



JAKOB E. LANGE.

discriminating against larger landowners. Land value is treated as a common fund to which no one individual has a greater right than any other.

Careful provision is made for accurate and periodic valuation of land value by local valuation courts and committees under the general direction of a national land valuation department. In this respect, the law repeats in all essentials the provisions already in force under which the whole of the country was valued in 1916 and again in 1920.

The rate of the new land value tax is 0.15 per cent (approximately one-third of a penny in the £) of selling value. Undoubtedly a small tax, but none the less a satisfactory instalment since it is universally applied and, what is of most importance, renders possible, if it is not essential to, a thoroughly competent valuation of the whole country. A land value tax levied on all land value is, as we have always said, the real path-finder to valuation. Once separate valuation of land is accomplished, the next step is easy. The land value tax can be increased and the taxes now burdening and restricting industry can be progressively abolished. The system can at once be adopted by local authorities; and in this regard the Danish Government is prepared and ready to legislate, having announced its intention to promote a Bill for local land value taxation which will probably be levied at the rate of from 1½ to 2 per cent (say 3½d. to 4½d. in the £) of selling value.

Another important feature of the new land value tax is that it displaces taxation on improvements. There has been since 1903 a "fixed property tax" on land and improvements amounting to 0.11 per cent (say ¼d. in the £) of selling value. After 1st January, 1924, this tax will be imposed on the difference between composite value and land value, less 10,000 crowns. The new tax of 0.15 per cent will be levied on land value alone. Thus more public revenue will in future be derived from land value and less from taxation levied on improvements. One may repeat that the change is small, perhaps scarcely perceptible as a fiscal measure, only to emphasise the fact that it is in the right direction. It throws open the door to a great reform. A new principle has been established. The popular understanding of all that is meant by this clear distinction between land and improvements is sure to grow and dictate new policy to the lasting benefit of society. Meanwhile all smaller farms, houses and businesses in Denmark, where the improvement does not exceed 10,000 crowns in value, will be totally exempt from the "fixed property tax" formerly levied on the improvements.

The reform was piloted through Parliament by Mr. N. Neergaard, the Premier and Finance Minister. Mr. S.



S. BERTHELSEN.

Berthelsen, in an article in *HUSMANDEN* of 13th August, the journal of the "Husmaend," or small land-holders, gives honourable mention to those who advanced the Bill in Parliament and pays a special tribute to the Prime Minister himself. Mr. Neergaard is not a Single Taxer nor a member of the Danish Radical Party, but a Liberal of the old school. He has been M.P. from 1887 to 1890 and from 1892 to date, holding office as Minister of Finance from 1908 to 1913 and as Premier and Finance Minister since 1920. In 1910 he helped to put through the provisions for the trial valuations of land in certain districts that have since been followed by the valuations of land value over the whole country in 1916 and 1920. He is a sincere supporter of the taxation of land values without accepting all the claims made in its favour. In the debates on the new law now enacted, the foremost advocates of the reform in the Lower House were Mr. Neils Frederiksen, leader of the "Husmaend" who is a Radical; the agriculturist, Mr. Pinholt; the Social Democrat, Mr. Wilmann; and the "husmand," Mr. Martin Hansen, who, as a member of the Valuation Department, was able to support his arguments with many practical examples. In the Upper House the chief spokesmen for the measure were Mr. J. A. Hansen (farmer), a Liberal, Mr. P. Jeppesen (small-holder), a Radical, and Mr. Mads Jensen (small-holder), a Social Democrat. So much for Mr. Berthelsen's well-placed tribute to the men in the front of the stage.

But what of those who have maintained the agitation and have worked in the open field these many years to educate public opinion? It is difficult to mention names without seeming to be invidious. The standard was first raised in the eighties among the small land-holders by Mr. V. Ullmann, Mr. Jakob E. Lange, Mr. S. Berthelsen and others. *PROGRESS AND POVERTY* was translated into the Norwegian by Mr. Ullman, which was followed by a slightly abbreviated version in Danish by Mr. Lange. For many years Mr. Berthelsen published his journal *RET*, and circulated it widely among the small land-holders, all the time taking a most energetic part as an eloquent platform exponent of the question. *RET* has since been absorbed in *DET FRIE BLAD* (published weekly), which has also incorporated *DEN LIGE VEJ*, formerly the fortnightly journal of the Henry George Society. In practical affairs Mr. Berthelsen has done notable work in connection with the Commissions appointed from time to time by the Government to inquire into the land question and land taxation—for the whole subject has been most thoroughly ventilated in official circles.



P. LARSEN.

Mr. Lange, now Principal of the Small Holders Agricultural School near Odense, has directed the movement within the Radical Party. As a prolific writer and able speaker he has carried the message all over Denmark. He met Henry George in London and produced in addition to a translation of *PROGRESS AND POVERTY*, the Danish version of *THE CONDITION OF LABOUR*. In fact, all Henry George's writings with the exception of *THE PERPLEXED PHILOSOPHER* and *THE SCIENCE OF POLITICAL ECONOMY* have long been available to the Danes in their own language, some of the quiet effective work of another pioneer, Mr. P. Larsen, of Ølstykke, being his contribution to this literature in translations of *PROTECTION OR FREE TRADE* and *SOCIAL PROBLEMS*, the latter in collaboration with his son. Hosts of names occur to us, co-workers and colleagues with whom our office has been in constant touch by correspondence and by personal visits. To mention one is to mention all, including the array of able authors and speakers who have given tireless service in the agitation.

The greatest organized force in Denmark making for the reform are the small land-holders, themselves owners of land, and now counting some 120,000 in number. They took the question into politics in 1902, with the adoption of their now well-known resolution passed at their Convention at Køge in that year. Their demands deserve to be put once more on record. The resolution was drafted and presented by Mr. S. Berthelsen; it became the political manifesto of the united small-holders, and reads as follows:—

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 recognizes that the small-holders and all other classes in the community have equal rights.

The small-holders, 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 land value, 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 value would not burden Labour but, on the contrary, cheapen land and make it easier for every man to obtain his own home.

The meeting of small-holders in Køge, therefore, exhorts all other small-holders' organizations in the country to subscribe to this policy in the matter of taxation, and calls upon the political parties, that look for the support of the small-holders, to place this demand on their programme, and to carry it by legislation through Parliament as a taxation reform.

The propaganda for the reform has since made great headway. The first practical step in legislation was to carry out trial valuations in certain typical rural and urban districts, and as a further experiment valuers were instructed to assess land value when in 1916 the periodical valuations for the fixed property tax were made. In 1919 the then Radical-Socialist Government promoted Bills for a national tax and for the local rating of land values, but did not proceed with them. A general election intervened and the present Moderate Liberal Administration took office. This political change did not, however, interfere with the work of valuation, and in 1920, as we have already stated, the land value of every property was once more ascertained. The new valuation of 1923 and the periodic revisions to follow will naturally be of a much more practical nature with every taxpayer keenly concerned

in accuracy and fairness, since these valuations are now the basis of taxation, whereas the object of the previous valuations was rather to gain official information and experience.

Mr. Abel Brink, the President of the Danish Henry George League, and Mr. Jakob Lange explain in letters quoted elsewhere that the next step is to advance the question among the local rating authorities. As we have reported from time to time, there are exceptional opportunities in this field. The Government is pledged to introduce legislation. The Magistracy of Copenhagen has taken the lead in demanding the reform. In June, 1921, the provincial towns at their annual convention made a requisition to Parliament for power to rate land values, that comes all the more significantly from them as the bulk of their revenue is at present derived from local taxation on incomes.

The first step has been taken; it is now a matter of carrying on. The movement for the Taxation of Land Values in all parts of the world may look with pride and gladness to what has been accomplished in Denmark and to the prospects of further achievement, not only benefiting all who live by labour and industry in that country, but inspiring by this example the renewed and redoubled efforts of all who are working to promote the cause, wherever they may be.

A. W. M.

OXFORD LIBERAL SUMMER SCHOOL

MR. COMYNS CARR ON THE TAXATION OF LAND VALUES

At the evening session of the Oxford Liberal Summer School on 3rd August, Mr. A. S. Comyns Carr, who spoke on "Land," was greeted with the Land Song as he entered the hall.

Mr. Comyns Carr characterized the land question as the most important subject in purely domestic politics to-day. The song they had sung brought reminiscences of days when they carried on an agitation under the leadership of one who was now ranged against them.

The leasehold system existed all over London, and in about half the other towns in the country. It was one of the greatest curses from which the country suffered, and ought to be brought to an end with the greatest rapidity. It was a pestilent system, and the worst of it was seen when the leases were getting towards their end, when with restrictions on the property, neither landlord nor tenant would do anything to bring up the property to modern requirements. The whole thing should be abolished, and there should be a right of renewal for leasehold property at a fair rent.

The housing problem to-day was as bad or worse than immediately after the Armistice. The Government had not even kept pace with the normal increase in housing requirements, and had not begun to attempt to meet the accumulated shortage. There were many causes for the failure, finance being at the bottom. At a time when building costs were very high they put forward efforts on a gigantic scale with the inevitable result of forcing up prices.

The builders were not slow to take advantage of the position, in spite of the fact that the ultimate sufferers were the members of their own trade in urgent need of houses. Wages were increased, hours and output reduced, and restrictions put on outside recruits, preventing the expansion attempted by the Government from bearing successful fruit. Money was wasted like water, and then came the Geddes axe, and social reform was cut first. Land acquired at enormous cost and prepared for building was left derelict, and in some instances men had been employed to cover up foundations of houses to avoid public criticism. The whole system had become a farce.

There was another question closely related to housing.

It was part of the policy of this Government to develop the natural resources of this country. In France natural resources were being developed; Italy was relieving itself of dependence on England for coal by developing water power, and the whole of the southern railway system of France was being electrified. We had water power in England, the Government had been advised to develop it, and the Government had had for three years plans in their pigeon-holes, but they had not touched it because they could not make sure what to do with objecting landlords.

That led him to his final point—rating and taxation. He preferred to call it relief from taxation of improvements. The policy he had referred to was an obvious economic proposal. If they wished to develop the provision of houses, factories, improvement of land, building and railways, the worst way they could do it was to tax the man who carried out the improvements and let off taxation the man who did not. That was the system we had carried out in this country for 300 years. And the great step forward we had to take was to abolish that policy and substitute a tax which should operate equally against the man who did and the man who did not develop national resources in so far as it was in his hands to develop them. Mr. Carr alluded to the way in which people who cleared slums were penalized. If where a man cleared a slum and built decent houses on the land, they taxed him only on the value of the land, it would be an encouragement to clear away the slums. If they did this, they would not require subsidies and municipal action on an enormous scale. The building question was now back to a condition in which if a builder was not burdened with rates on the value of building when he had erected it, he would come into the market again, and they would not have to rely solely on municipal effort.

The back of the housing problem would have been broken if they had applied the system of rating land values. If they brought it into force to-morrow they would set free the whole of the forces of the private and municipal builder and also the forces of development in other directions he had indicated, and they would in that way not only have the quickest solution of the housing problem, but would be making a real step forward in the direction of developing the natural resources of the country.