

LVT VS. INCOME TAX

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If the demand for real estate, especially land, is high, prices will go up. But price on a house will not rise beyond the cost of a new building. But that does not apply to land; there is no ceiling to land prices. Land prices are rising twice as fast as wages and four times as fast as prices in general.

There is very little difference between circumstances in Denmark and the USA, so the total land value per capita is almost the same. In Denmark, land is assessed every four years, and assessed at full market value. The coming assessment is expected to reach \$40 billion, as against \$2.5 billion in 1960.

As the population in the USA is 40 times as much as Denmark's, the land value in the USA has risen from \$100 billion in 1960 to \$1.6 trillion today, and the difference of \$1.5 trillion has been gained by the landowners without their giving anything in return. This fact has been ignored by professional economists, but how can they imagine that such an amount can be collected by a few landowners without bringing a great disturbance to the national economy?

Every American will have to contribute to the interest to be collected by the landowners. If interest is 14%, an American family of four will have to pay \$4000 per year, on top of the bill from their grocer, because all costs end in higher consumer prices.

To end inflation, the government should collect that amount and reduce the income tax correspondingly. Today you pay double, both the \$4000 on top of your grocer's bill and your income tax. If the Henry George idea is accepted, you will only have to pay once - an annual rent of the land value.

I have suggested that we start by paying 1% of the real land value the first year, 2% the second year... to 4% the fourth year - and using this new revenue for reduction of the income taxes by an equal amount for each person. During this period half of all income tax payers will be relieved of the tax. The amount collected as land rent will now be registered as an annual payment on every piece of land before a new assessment takes place. After the new assessment, start again with 1%, rising to 4% the eighth year, after which the new amount is also registered as an annual levy on each piece of land. The total amount collected is to serve for equal income tax reduction for every income tax payer.

By these means we shall have regained private ownership of the wage-salary-profit obtained by work - but it requires full respect for the public ownership of the community created values so that the annual yield may go into the right pockets.