

INTERNATIONAL UNION NOTES AND NEWS

Bill to Increase Danish Land-Value Tax

On December 3, the Finance Minister, Mr. Kampmann, introduced a Bill for an "extraordinary State tax on fixed property," which is excellent in one respect and not so happy in another.

The Bill proposes to increase by one per cent the national tax on land values, the tax thus becoming 1.6 per cent per annum of capital value. This is equivalent to rather more than 3½d. in the £.

The other part of the Bill provides for an additional tax of one per cent on building values. This is restricted, however, to buildings erected before January 1, 1949, and makes provisions which, in effect, cause the tax to fall mainly on urban buildings, and even so after exempting building value up to 30,000 crowns in Copenhagen and 20,000 crowns elsewhere.

Revenue from the national land-value tax is estimated at 80,000,000 crowns. The new tax on (some) buildings is estimated to yield 30,000,000 in the first year and thereafter 60,000,000 crowns*. No provision is made for using those revenues to reduce general taxation. The only prospective remission is with regard to this extra building tax itself; beginning in 1965 it would be gradually abolished over a period of 40 years.

A Danish Report—Ill-Advised Proposals

The report of the Parliamentary Land-Values Commission, appointed in March, 1948, by the Finance Minister, Mr. H. C. Hansen, was completed and published in October last. The Commission with its 24 members represented not only each of the political parties but also societies or institutions of tenants, landowners, farmers and mortgagees, the body completed with sundry experts including officials from various ministerial departments. Its task was to investigate the problems arising if land value taxation were carried fully into effect—the establishment of *fuld grundskyld*, of the full land-duty, as it is described in Denmark—whereby the whole amount of the economic rent of land would be appropriated for the public benefit. The published report runs to 333 pages and full as it is of exposition and argument—from all sides—we must content ourselves at first review with its dominant note.

By way of preface: In Denmark to-day a certain amount of the economic rent of land is collected as public revenue through the national tax and the local taxation of land values. That amount in 1952/53 was approximately 290 million crowns—say £14,500,000. The taxation is based on the capital, *i.e.*, the selling value of land apart from improvements, which at the latest periodical valuation (in 1950) was returned at approximately 8,000 million crowns—say £400,000,000. Important to notice is that since this is the *selling value*, it represents a capitalisation of the rent of land left in the hands of the landowners *after* payment of the taxes that are imposed.

It is necessary to bear those figures and that fact in mind in order to follow the substantial question that was put and the answer given thereto. The question was: With the existing taxation of land values remaining in force and continuing to collect a certain amount of economic rent, what may or could be done about collecting the rest of the rent of land so that *fuld grundskyld* is established?

Proposals in the form of a draft Bill, affecting to attain that end, were submitted by 13 of the members. The Bill is in two parts, six of the 13 members dissenting from

* For rough calculation, take 20 crowns equal £1.

the second part with its provisions for compensation to landowners.

In the estimation of the drafters of the Bill, a levy at the rate of 4 per cent per annum on the actual market value of land would absorb all the rent of land that is not collected through the existing land value taxation. That being so, the land would cease to command a *price*. (Yet, curiously and by arbitrary process it is proposed to retain the capital value of land for assessment purposes, calculating what it would be by regarding the new levy as a non-redeemable and perpetual mortgage—but here we get out of our depths and will have to swim back at another time). The levy of the 4 per cent per annum would be called the "land rent" and would be based upon the land value as established at each periodic revaluation of the country. This standard "land rent" however (and here we come to the astonishing proposals in the second part of the Bill) would be reduced to *one* per cent and remain at that upon every piece of land, until the owner in question received, in compensation, a payment by the State equal to three-quarters of the 1950 land-value assessment of his property; or if he has bought land since October, 1950, then three-quarters of the land value as assessed at the next periodical valuation.

Let us see exactly what this means, taking *in toto* the figures for 1950. The land-value assessment of selling value was 8,000 million crowns. The proponents of this part of the Bill propose that for a "settlement" (a choice synonym for "compensation") with the owners and to "ease their loss," the sum of 6,000 million crowns should be distributed among them. After any owner had thus been indemnified he would thereupon be charged the full 4 per cent "land rent" instead of the temporary *one* per cent per annum. But what of it? He would have received *from the State* a payment enabling him to meet that charge for twenty years ahead!

Taking precautions, the Bill does not propose that the compensation be paid all at once to all. Some will have prior claims and can demand immediate payment; the "small" men will have special consideration; and for the rest, it will be largely at the discretion of the Finance Minister on which lands and at what time the "land rent" will be raised from the one per cent to the 4 per cent, against payment of the compensation. Neither in the Bill nor in the explanatory memorandum is any suggestion made as to the tax-source from which the means are to be provided for paying either cash or for meeting the interest and redemption of the State bonds it would be necessary to issue. It is a problem the proponents serenely leave the Government to resolve. But the scramble for the flesh pots would be on, the claimants loud in their claims; and then, after the compensation has been paid, what guarantee is there against a future Parliament, under pressure of these self-same interests, repealing the levy of the "land rent"? But it is not the folly of the bargain that we deplore; it is its patent wickedness. The whole scheme is tantamount to land purchase on a vast scale; it makes mockery of *fuld grundskyld* and is a complete travesty of land value taxation.

Of the thirteen members who drafted the Bill, the seven who stood for the compensation proposals were the Chairman, Mr. H. C. Henningsen (former Radical Liberal M.P.), the two vice-chairmen, Mr. Hans Hansen (Social Democrat M.P.), and Mr. Oluf Pedersen (Justice Party M.P.), and S. Olesen (Justice Party M.P.), Mr. M. S. Steffensen (Member for the Justice Party in the former

Upper House), Mr. L. Neilsen (of the Small Peasants' Association), and Mr. V. E. Pedersen (of the Agricultural Ministry). The six of the Bill drafters who stood against the compensation plan were: Mr. K. J. Kristensen (head of the Land Valuation Department), the economist Prof. K. Philip, Mr. Karl Skytte (Radical Liberal M.P.), Mr. H. Andersen (of the Tenants' Association), and Messrs. H. Eriksen and F. W. Teichert (Social Democrat M.P.s). The dissenters gave reasons for their objections and severally submitted their counter proposals. These memoranda are of considerable interest; so also the extensive and well-documented separate reports from other sections of the Commission.

The Conservatives and the Moderate Liberals "opposed in principle" to any land value taxation, and the spokesmen respectively of the Land Credit Bank and the Union of Copenhagen Landowners state their arguments as competently as ever plausible arguments have been stated. The Commission spent 6½ years on its academic pilgrimage and the travelogue produced—it deserves a fuller review than we can give it here—is likely for long enough to be a source-material for the controversialists in each of the camps.

A. W. M.

In the Spanish Press

During 1953 a group of our readers in Spain maintained their intense press campaign, contributing very many articles to the Spanish daily press and to political and other reviews.

La Vanguardia, the leading daily newspaper published in Barcelona, printed at least seventeen articles by Mr. Baldomero Argente on various aspects of political economy and sociology all, of course, inspired by the social philosophy of Henry George. These include: "Our Liberty"; "The Distribution of Wealth"; "Rights and Duties"; "The Term Profits"; "The Last Stage of Occidental Civilisation"; and an article about the famous Spanish classical economist Alvaro Florez Estrada, born in 1765, a precursor of Henry George who advocated the taxation of land values. During the same period, articles by Mr. Argente appeared also in *Nueva Economia Nacional*, the Spanish weekly national journal devoted to economic matters.

Other Georgeists who together with Mr. Argente contributed at least eighteen articles to *Nueva Economia Nacional* are Juan Alvarez-Ossorio Barrau (four further instalments of the series started in 1953 under the general heading of "The State and the Economy"); Martin Bachiller ("Considerations on the Just Wage"); J. Paluzie Borrell ("A Christian Duty" and "The Progress of Georgeism"); Carmen Prat Cebrian ("Henry George and His Works"); Emilio Lemos Ortega ("Social Evils" and "Lotteries and the Black Market"); Juan Agut Rico

("The Problem of Taxes: Its Solution"); and G. Villalobos-Dominguez ("Exhaustion of Trade Unionism").

The important religious review, *Obra Mercedaria*, published an article (author not known) answering the question "Can a Catholic be a Georgeist?" and a report by Luis Foyer on the 1952 Conference in Denmark of the International Union, and Mr. J. Soler Corrales wrote on "Cruelty and Economics" in the journal of the Spanish society devoted to the protection of animals and plants.

We tender hearty congratulations to the ten authors listed here and hope that in 1955 they will be joined by others so that they may exceed their output for 1954. We would like to see a friendly rivalry develop between our readers wherever they may be and the group in Spain in this year of the Ninth International Conference with the many opportunities for effectual propaganda which that occasion will afford.

Publicity in India

The *Free Economic Review*, Bombay, devotes three of its twenty-four pages in the December issue to reprinting in full the text of the International Union's *Declaration of Equal Rights Based on Equal Freedom*, a bold advertisement of *Progress and Poverty* and the full text of the paper submitted to the 1949 Swanwick Conference of the International Union by the Hon. K. K. Steincke, then Chairman of the Danish Upper House, entitled *A Social Democrat's Tribute to Henry George*. The November issue of the *Review* carried a report of an interview with Mr. E. J. Craigie when he called at the Libertarian Social Institute on his way home to Australia from his visit to Britain.

Celebration in Sydney

There was a very good attendance at the gathering on 29th September, 1954, to celebrate the 75th anniversary of the publication of *Progress and Poverty*. The meeting was held at 71 Hunter Street by the kindness of the Independent Theosophical Society and the good offices of Mr. J. J. Owen. Mr. H. G. Firth was Chairman.

The main speaker was Mr. Allan Fraser, M.P., who spoke of the influence the great book had had on his life, and of the general history of the book and its influence in Australian public life. Other speakers were Dr. H. G. Pearce, President of the Free Trade and Land Values League, and Mr. W. A. Dowe, Director of the Australian School of Social Science.

Meetings in Portsmouth

The Portsmouth Branch of the L.V.T. League have been asked to address the Cosham Brotherhood. Mr. A. H. Stoakes is to speak on "The Ethics of Taxation," January 30, with Mr. A. G. Bradburn presiding. Later Mr. H. R. Lee will address a subsequent meeting, the title of his talk being, "Are there too many people?"

CHOOSE SCOTLAND FOR YOUR 1955 SUMMER HOLIDAYS — ST. ANDREWS YOUR CENTRE

St. Andrews by the Northern Sea
 A haunted town it is to me!
 A little city, worn and grey,
 The grey North Ocean girds it round,
 And o'er the rocks, and up the bay
 The long sea rollers surge and sound . . .
 O, broken minster looking forth
 Beyond the bay, above the town,
 O, winter of the kindly North,
 O, college of the scarlet gown,
 And shining sands beside the sea,
 And stretch of links beyond the sand,
 Once more I watch you, and to me
 It is as if I touched his hand! . . .
 St. Andrews by the Northern Sea
 A haunted town it is to me!

From *Almæ Matres*, by ANDREW LANG.

JOIN THE INTERNATIONAL UNION FOR LAND VALUE TAXATION AND FREE TRADE

To stimulate in all countries a public opinion favourable to permanent peace and prosperity for all peoples, through the progressive removal of the basic economic causes of poverty and war, as these causes are demonstrated in the writings of Henry George. Specifically, towards the realisation of these objects, the Union favours the raising of public revenues by taxes and rates upon the value of land apart from improvements in order to secure the economic rent for the community and the abolition of taxes, tariffs, or imposts of every sort that interfere with the free production and exchange of wealth.

Membership is open to all who sign a declaration of adherence to the objects of the Union, and pay a minimum annual subscription of 10 shillings sterling. Cheques, etc., may be made payable to Ashley Mitchell (Hon. Treasurer), 4 Great Smith Street, London, S.W.1.