

Increased Land Values and a sound basis of Valuation

By Halfdan Hansen

It is generally maintained that through land value taxation, the value of land will decrease relatively to the value of the other factors of production. On that point I wish to draw attention to some circumstances that alter the value of land.

The selling value of land is not to be confused with the real value of land. It is apparent that as soon as a considerable measure of land value taxation has been adopted, the selling value of land will decrease, even where the real value of land increases. The appropriation of the whole rent of land will mean the total disappearance of the selling value.

Schemes now often put into practice cause a rise in the price of some lands while they reduce the price of other land. For example, a high tariff on imported foodstuffs increases the price of land in rural districts while it decreases land prices elsewhere. Again, subsidies to build houses will raise the price of building sites, but depress the price of rural land. In general, every support given to one branch of industry which lays burdens on other industries reduces the total production and thereby also the total amount of land values.

It is the case that an absolute fall in the land value will take place where land hitherto held out of use is forced on the market as a result of land value taxation ; but this will be a temporary effect except in the extensive agricultural area that lies near the margin of cultivation.

It must be remembered that the building of houses to meet all the demands in the towns, which will be the result of land value taxation, will give a great deal of formerly agricultural land a building value. Even the housing which new roads and modern transport make possible can only increase the dominating importance of the centres of population where the co-operation of labour and capital is most concentrated. Improvements which generally increase the productivity of agricultural land can have the result that the margin of cultivation is changed and that the poorest land now in use is thrown out of use. *But* the essential consequence, I think, will be that more forces of production are transferred from agriculture to the more intensive industrial life in the centres and thereby the economic value of central land will be increased in relation to the land that lies near the margin of production ; and it is this differentiation which at all times determines the total land values.

Every remission of taxation and every improvement in technique which increases the products of labour will bring about a much greater demand for land where the division of labour is most fully developed than for land which lies at the margin of production, and this will cause a further increase in total land values.