

IUN NEWSLETTER AUG 1972  
TAX THE RISE IN LAND VALUES!

By HALFDAN HANSEN (Bergen, Norway)

Rising land values belong to the community and should be taxed, not sold or rented by private owners. Such taxation would stop the speculation in rising land values. If this is not done, our work is in vain.

The real unearned income is that which accrues to an individual without having done anything which contributes to production. The most important of such income is that which issues from the site values of land. The recipient of such an income does nothing to earn it, he merely sits tight and lets the growth of the community around the land to which he holds title give him an unmerited gain. This gain is at the expense of all true producers, whether they be laborers, entrepreneurs or investors in production. The taxation of this gain can do nothing to deprive the community of service since no service was rendered by the recipient!

The culmination of every period of growth has been a boom in land prices which have brought our economic system out of balance. Denmark had for a long time pursued the rise in land values with maps, statistics and speculative legislation, up to 1960. At that time the selling value of Danish land was 17 milliard (billion) crowns. But by 1969 the value rose to 67 milliard. This opened the way for 50 milliard crowns of new purchasing power not backed by any goods or services. This purchasing power was much higher than could be provided for by legitimate money and so led to the creation of 50 milliard crowns of paper money not representing goods or services. This is the real cause of inflation, which experts cannot see. Our task is to make them see this and so open the way to land value taxation.

If the 50 milliard crowns of land value increment had been taken in taxation, three-fourths of Danish land value would have been secured for the community and the effects would have proven the rightness of this measure.

Therefore I see the stopping of speculation in rising land values as the most important task ahead, the securing of these enormous values for the community, so that they will not stay in the possession of private owners but be sold or rented. The already established land value has been mortgaged and the latest buyers are in debt for the selling value. This basic value can therefore only more slowly be transferred to the community.

My proposal to secure the ground rent for the community was sent in 1971 to our Fourth International Conference in Edinburgh. I also made this proposal in IUN No.15 (with correction in No.16). I have also sent this proposal to the recent conference held in London by the Free Market Research Institute.

It seems to me that my proposal is important to the free market. By stopping the speculation in rising land values as purchasing power, trade should be limited to the exchange of goods and services both domestically and internationally. I would like to see this idea more fully discussed.

(Dr. Hansen reached his 90th birthday on May 1, 1972.)