

VIGGO STARCKE

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CENTURIES OF
EXPERIENCE WITH
LAND TAXATION
IN DENMARK

HENRY GEORGE FORLAGET

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Land existed before man. Man cannot exist without land, but land can exist without man. It is the land, the earth, the globe which provides man with food, raw materials, and sources of energy.

The relationship between the enduring but inert soil, and the passing but living generations of a people is a most important element in history. The eternal bedrock of a people is the territory. Here is the beginning of human life, of national life and of economic life. Here is one of the constant factors giving rise to class warfare and wars among nations.

Denmark existed before the Danes. The land in which they live, was cleared of stones and stumps by their ancestors. They erected dwellings, villages and towns, linking them together with track, road and waterway.

The soil of Denmark is good, but not rich. Providence intended Denmark to be a farming country, as Denmark is a country without raw material, without metals, without minerals, coal or oil.

In all those periods of history wherein the Danes had access to the soil of their fathers, homes were built, land was plowed, and productive activity flourished, so that the population grew strong and rich. But when the climate deteriorated or methods of agricultural technique failed, then mighty men, Kings, Church Prelates, or great landlords sometimes would seize the land and drive a wedge in between man and earth. Then it was as if the soil was washed away from beneath the roots of the people so that the growth was stopped, production hampered; and labor reaped but poor fruit. The people then were in danger of sinking into serfdom and villeinage, bondage and socage, or being weighed down under the pressure of mortgages, taxes, and debt.

The Danes live in a land where no people other than their own ancestors has ever lived. All other nations in Europe have migrated and intermingled. They live in lands where other tribes

have lived before them. Today Denmark is the land with the highest percentage of its surface under plough and with the highest percentage of its farmers living in occupying ownership.

The sea, grey and restless, cuts deeply into the flanks of Denmark, dividing the country by sounds and belts and fjords into islands and peninsulas. About 500 islands, some smaller, some larger, lie between the peninsula of Jutland to the west and the peninsula of Scania to the east. Three hundred years ago Denmark lost this eastern part through her abuse of the important international channel, the Sound. Town after town and harbor after harbor, lie along the coasts. Few other lands have as many harbors in proportion to their population, and few countries have as large an import and export per capita.

Providence intended that Denmark should not alone be a farming country but also one of shipping and trade. The shores, the harbors and the sea around us are indirectly part of the land problem, because the means of transportation to a great extent influence the value of land. Seen from above one should never have expected that such a divided medley of islands and peninsulas could ever be assembled to a united realm. But as soon as man could assemble a raft or hollow out the trunk of a tree, he could cross the fjord and the sound to other islands. There, perhaps, he discovered a new method of chipping an arrowhead or a fresh way of tanning a deer skin. He exchanged goods and experience, and shipping developed initiative and inquisitiveness and inspired a spirit of daring and a desire to see and explore new parts of land across the sea.

The Swedish historian, Curt Weibull, says:

"The Sound, the Belts and Kattegat did not separate the various parts of Denmark. On the contrary, they served as great connecting highroads. These waters and the ease of communication they offered, created a means by which the Danish lands could coalesce into political unity in early times."

In all those periods of history wherein the seas were open and trade was free, the goods and riches of other countries could flow in across the borders. This brought prosperity, so that the goods imported were to be found on the counter of every merchant, and on the table of every housewife. But when in severe winters the waters froze, or when hostile fleets blockaded the seas, there was a shortage of commodities, prices rose and affluence declined. Exactly the same conditions occurred when the Danish government in regrettable protectionist periods isolated herself by means of artificial customs barriers and unnatural restrictions on importation.

In the affinity between the people, the land and the sea lies the other fundamental component of Danish history. The sea united the kingdom. The sea established useful connection with other countries.

The Danes - like other human beings - were consumers long before they learned to produce. The land gave fruits and roots, seeds and weeds, deer and fish. Collecting satisfied the appetite. Storing reserves gave a feeling of security against rainy days and dreary winters.

The creative power developed concurrently with the division of labor into several disciplines such as hunting and fishing, agriculture and cattle breeding, construction of pottery, tools and weapons. The meaning of production is to make goods that can be consumed, or stored for future consumption; or to make things that cannot be consumed, but can facilitate the creative faculty. The tools, the machines are what we call capital. They cannot be consumed today, but they can help in producing more and better consumer goods for tomorrow.

It is the land that gives building site, raw materials and motive power for productive labor. To collect, to save, to produce and to invest in order to plough the invested capital back into the producing organization of society is the secret of progress.

Trade, transport, and commerce serve production in bringing the raw materials from where they are found to where they can be worked up, and serve consumers in bringing the finished products from where they are manufactured to where they are to be used.

These fundamental economic functions are common to most nations. All nations have their problem concerning the relationship between the people, the land, and its resources.

From the long dark period of the older Stone Age we know little about the land problem, but from the younger Stone Age we know more. It began about 5,000 years ago with the introduction of agriculture and cattle breeding. The Megalithic graves of the farmers are numerous and their flint implements are so numerous that they must be reckoned in wagon-loads. The Norwegian archaeologist, A. W. Brogger, says:

"The Megalithic graves are in fact large cemeteries where the village families were buried in a common grave. They present the picture of small communities with a communal sharing of food, property and work which not even death could separate. As a fragment of the early history of communities and society, it is symbolic of what has been the strongest element in Danish history right down to our time."

The Bronze Age lasted through a millennium from about 1500 to about 500 B.C., a period in which the Danes made the remarkable feat to create the finest Bronze Age implements in Europe north of the Alps, in a country without metals. Every piece of copper, tin, bronze and gold was bought from distant lands, transported and transformed and paid for by an export. They understood that import is important. Export is the secondary payment for the imported goods. The Swedish historian, Curt Weibull, says:

"The Bronze Age is a period of greatness in the history of the ancient Danish lands. A leading expert has stated that the Bronze Age in these lands attained a unique perfection such as had never before been seen nor will be again. Along with the Creto-Mycenaean era, it is one of those remarkable periods in the his-

tory of man kind when culture rose to a pinnacle and in which were established values which will endure for all time."

At the end of the Bronze Age the climate deteriorated, and created difficulties for the farmers. The trading facilities deteriorated due to the Celtic cutting through of the old trading routes along the rivers from the Baltic to the Mediterranean thus hampering import and trade. The new metal, iron, jeopardized the handcraft and the export of fine bronze tools and weapons, so that in some way an industrial crisis aggravated the agricultural and commercial crises. When a densely populated area undergoes three simultaneous crises, the densely populated area will be over-populated and consume more than the land can provide for. Here we find some of the causes behind the succession of tribes in the migration of the peoples from the north. They overran Europe and the western Roman Empire.

The most interesting of the migrations are the crossing of the North Sea by the Jutes from Jutland, the Angles from Angel in southern Jutland, and the Saxons from Holstein and Hannover. Professor John Richard Green said:

"It is with the landing of Hengest and his warband at Ebbsfleet on the shores of the Isle of Thanet that English history begins. No spot in Britain can be so sacred to Englishmen as that which first felt the tread of English feet."

1500 years ago there were no Englishmen in England. There were Britons in Britain but the landing in 449 A. D. of Hengest, King of the Danish Jutes, started the westward movement of the English-speaking nations. Dr. Gordon Ward says about Hengest:

"He even left intact the taxation system, the land tax, which was the basis of political economy. This was collected from the units set up before the Romans left. In due course these units fell into the hands of the Jutes, but no other basis for taxation was needed or devised."

The Danes and their Scylding Kings were a tribe on Sealand from which island, in the years between 400 and 600 A.D. they

seem to have taken control of Scania to the east and Jutland to the west. Among their ancient place-names the towns with the termination '-lev' take an interesting position. The meaning of the word '-lev' is closely related to the English word 'leave', meaning property handed over or given in trust, a sort of official property, perhaps a fief. Some historians believe that they reflect the traces of an ancient military or administrative organization, being the basis of assessment and land taxation or recruitment of warriors. It is a hypothetical, but attractive, explanation.

The Danish Viking Period, often considered an attack from the Danes, in fact started as a defensive measure and retaliation against Charlemagne's aggressive military policy and restrictive commercial policy. Charlemagne, who controlled the six countries which today constitute the Common Market of deGaulle, closed the entrance to the important trade routes, the rivers. For centuries Danish shipping and commerce had been able to use these waterways. The extermination of the Saxon nation just south of the Danish border, the conquest of the river Elbe, and the threatening advance towards the river Eider, which served the same purpose as the Kiel Canal of today, was an imperialistic provocation against Danish shipping and trade.

Hodgkin said:

"Charlemagne had stirred up a wasp's nest" and Baker said, that the long ships of the Vikings were "the military answer of the North to the empire of Charlemagne".

The Danish King Gudfred, who opposed Charlemagne, ruled from about 790 to 810. His realm had military and land statutes which must have been one of the reasons for the kingdom's strength and cohesion. He ruled a realm which had Kattegat as its centre, thus comprising southern Norway, where in the districts around the Oslo Fjord, we have clear traces of old Danish administrative divisions for levy of land taxation in peace-time, or military recruitment in war-time. Professor Poul Johannes Jorgensen said:

"There has been a tendency to place the system of summons-to-arms in the late Viking Period and to regard it as a consequence of the levy-statute of the Viking expeditions. It is more likely, however, that it belongs to an earlier period, some think possibly to the 10th century and perhaps to an even earlier time. Directives issued by the State or the King must have been necessary to give it the uniform, compulsory, and universal character which appears in the sources."

With the clash between Charlemagne and Gudfred the long and dramatic Viking Period began. During two or three centuries a swarm of shippers, traders, explorers, warriors, pirates and conquerors lifted a continent off its narrow door case and opened the doorway to a new world and a new time, full of energy, activity and enterprise.

The Scandinavian invasions in England have two culminating points. One is the period of the Sons of Lodbrog from about 840 to 880 when three-fourths of England were conquered and colonized, the other is the period of the Jelling Dynasty from about 950 to 1045 when all England was made a part of Canute's mighty Anglo-Danish Empire.

Presumably Iver Lodbrog's son was the brain behind what Professor Collingwood calls 'a resolute scheme of conquest played with the skill of a chessplayer on the field of Empire. He says:

"We cannot but suspect, however, that on the side of the Vikings there was one who, if we knew more about him, would deserve mention with the Hannibals and Napoleons of history."

Iver died in 873 and his brother Halfdan then became the leading spirit. His land reforms have put the hallmark of his genius on English history ever since.

In 875 he ordered the land of Northumberland to be surveyed and parcelled out in smallholdings. In 878 the land of Mercia in the Midlands was similarly distributed, and in 880 Gurthrum in East Anglia followed suit. These land reforms are interesting because it is very unusual that conquerors build up their power on

small, independent farmers. Sir Frank Stenton and his school have studied the practical policy of the Danes. He says:

"Individually, they were men of small estate, possessing only one or two plough oxen and farming on an average some twenty to thirty acres. But they were certainly independent of anything that can be called manorial discipline. The plan of the Domesday survey shows that they were responsible for the taxes due from their land, and they were scattered over the land in a way which shows that they cannot have been subject to any heavy agricultural service to their lords. They gave no opportunity for any general extension of seignorial control nor for the development of severer forms of customary labour."

Professor A. F. Pollard says,

"It was upon the land and not the person that the service was imposed."

Professor Trevelyan says:

"So far were they from enslaving their neighbours, that their Danelaw contained many freemen and no slaves, in sharp contrast to Wessex."

Professor Dorothy Whitelock observes:

"It proved particularly difficult to prevent slaves from running away to join the Danish forces during periods of Viking ravages. The English slave who joined the Viking forces ravaging his district might seize the opportunity to turn the tables and pay off old grudges on his former master..."

The Domesday survey of William the Conqueror shows that in the old Anglo-Saxon parts of England most of the land was owned by great landlords and priestly magnates, the majority of the population living as slaves or tenants, while in the districts under Danish law - the Danelaw - most of the population were free men with occupying ownership, obliged to pay their land tax but no other taxes.

There we find one of the important causes explaining why the Danes were able to conquer England. The common man had noth-

ing to defend. He did not own any part of his own fatherland. In a way the Danes appeared as liberators.

Sir Winston Churchill says,

"The Danish sailors from the long ships who fought ashore in England as soldiers brought with them into England a new principle represented by a class, the peasant-yeoman proprietor. The sailors became soldiers, the soldiers became farmers. The whole of the East of England thus had seen a class of cultivators who, except for purposes of common defence, owed allegiance to none; independence and discipline were thus conjoined."

In the days of King Svend Forkbeard (986-1014) and Canute the Great (1015 - 1035) all land in England was taxed to the King and the people. Most of the ground rent was collected in the so-called Danegeld, a land tax, a single tax, which became the cornerstone of English finance from the days of Canute until modern times when political democracy is considered more important than economic democracy.

Trevelyan says:

"The Danegeld holds indeed a great place in our social, financial and administrative history. Direct taxation began in this ignominious form. Under the weak Ethelred it was the normal way of buying off the Danes. Under the strong Canute it became a war tax for the defence of the realm. Under William the Conqueror its levy was regarded as so important a source of revenue that the first great inquisition into landed property was with this end in view. Domesday Book was originally drawn up for the purpose of teaching the State how to levy Danegeld."

Green says:

"They were in fact the first forms of that land-tax which constituted the most important element in the national revenue, from the days of Ethelred to the days of the Georges. As a national tax levied by the Witan of all England, this tax brought home the national idea as it had never been brought home before."/

"The establishment of a land-tax has been attributed in popular fancy to the need of paying Danish tribute, as its name of Dane-geld shows. But its continuance from this moment, whether Danes were in the land or not, shows that the need of meeting their demands had become inevitable, and which was necessarily carried on under Ethelred's successors. The land-tax thus imposed formed the chief resource of the Crown till the time of the Angevins; and though the taxation of person ality was introduced by Henry II, the land-tax still remained the main basis of English finance till the beginning of the eighteenth century. Its direct effects from the first in furnishing the crown with a large and continuous revenue gave a new strength to the monarchy, while its universal levy on every hide in the realm must have strengthened the national feeling."

Little is known about land taxation in Denmark proper from the Viking Period, but when a century later we see the well-developed land-valuation and land-value taxation of the Danish Valdemar-Kings (1157-1241), founded on ancient traditions, and we find that in England the Danes brought with them a similar system across the North Sea in the days of Regner Lodbrog's sons and during the reigns of Svend and Canute, it is a sound conclusion that in the Viking Period, Denmark had a similar system of land-taxation. This land tax seems to have been a single-tax with the effect that the capitalized selling price of land was kept down and that personal skill and industry were not hampered by taxes.

After the death of Canute and his sons it is related that King Harold Godwinson's brother, Toste Godwinson, as Earl over the Danes in Northumberland, tried to set aside the laws of Canute with the intention of imposing taxes on the Danes. The result was that the Danes unanimously declared:

"We were born free and brought up as free men. We will not tolerate a domineering and haughty chieftain, having learned from our fathers to live free men or die."

In Denmark agricultural production was at a high level throughout the whole of antiquity. The Megalithic peasants were

able to feed a sizeable population, and the peasants of the Iron Age were able to survive a severe agricultural crisis. The peasants of the Valdemar Period were corn-exporting, and later on they had a considerable export of bullocks.

The system of land taxation and the levy of military service appear to have been two sides of the same problem expressing the idea of the people's duty to defend the soil from dangers within the country, and the duty to defend the soil from external violence.

The old valuation of land in 'bol' was continued in eastern Denmark, but in Jutland it was modernized in a new form, peculiar to Denmark, the gold-valuation. The earliest known application of this dates from 1180 under Valdemar the Great. It was an assessment of the capital value of land, the selling price. On this was levied a land tax of more than 4%. In Sealand was in 1213, under Valdemar the Victorious, introduced the so-called 'Skyld Valuation'. This was a more rational assessment directly on the ground-rent, based on the amount of seed sown, not the amount actually used, but to the measure which a parcel of land normally could absorb when in middle good cultivation.

By this practical and just solution of the land problem the complete rent of all the land values in Denmark was drawn into the King's chest, and a firm foundation for the royal rule and the people's inheritance was created. The fruits of the individual man's effort remained in his own hands.

One night in May 1223 King Valdemar was kidnapped by the German Count Heinrich availing himself of the King's hospitality while hunting on one of the small islands. A splendid era was shattered. The wealthy landowners who could afford the expenses of equipping the armored soldiers and cavalry men secured for themselves the most important privilege of nobility: exemption from land-taxation. In peace time this enabled them to purchase land from their neighbors. In the Valdemar Period there were no big estates in Denmark. Most of the peasants, at least 75%, were independent with occupying ownership. A century later they had

dwindled to about 10%, and in 1660 only 5% were free. The land-owning squires spread and the influence of nobles grew.

The noble families owned about one third of the land. The Catholic Church had collected another third of the land, and as the great nobles appointed their favorites to the high offices in the administration and in the Church, these families became a dominating geopolitical power, enabling them to dictate the King's coronation charters. The common man was burdened with taxes, villeinage, socage and bondage.

The Danish historian, Svend Aakjaer, says:

"King Valdemar and his legislators would have turned in their graves if they could have seen how their sensible economic system had later been dealt with."

Aristocracy and democracy are not incompatible, but if the aristocracy shrinks into a selfish, arrogant geocracy, its connection with the life of the nation is lost, and thereby its social justification.

At the Reformation in 1536 the power of the landowning aristocracy received its first blow, because the enormous estates of Church property passed to the King, whereby the Crown estates were trebled. This gave the Crown geopolitical superiority over the nobles, which in 1660 led to the next step. After the devastating wars with Sweden King Frederik III achieved Hereditary Rule and Absolute Monarchy. Count Hannibal Sehested was partly responsible for these results, and after 1660 he succeeded in re-establishing the land policy of the Valdemars by imposing a land-tax, the so-called 'hartkorn taxation', and abolishing the tax on consume. In a few years Denmark was restored after the destruction of war and plague. If we bear in mind how slow was the pace of production in those days, we have in some ways an experimental proof of the value of the reforms. Under the next King, Christian V, (1670-1699), the land registration, assessment and taxation were improved to be the best in Europe - with the exception that the large estates again won tax-freedom on condition that the land-

lords were made responsible for the taxes of their tenants. This opened new roads for inequalities such as the adscription of 1733 which bound the peasants to the soil of their region.

Under succeeding Kings the economic conditions worsened, aggravated by the mercantilistic trade policy with tariffs, restrictions on import and preferential treatment of export. Taxes rose, prices rose, poverty spread and forced labor laid its yoke on the neck of the peasants.

The future looked rather dark; but then it happened in 1784 that a group of gifted statesmen, after a small, unbloody revolution, came into power. Thanks mainly to Count Christian D. Fr. Reventlow and Count A.P. Bernstorff the most amazing reforms were carried through, so that Denmark, in a peaceful way, solved the problems which the bloody French Revolution left unsolved. They were one of the first countries in Europe to adopt free trade policies, and as early as the latter part of the 18th century, solved the land question of their day. In 1788 the yoke of adscription was abolished. The common lands of the villages were parceled out, the peasants got occupying ownership to their farms, and as the first country in the world, the slave trade in the Danish colonies was prohibited in 1792.

After the battle of Copenhagen in 1801 against Lord Nelson's fleet, the Danish economic expenses were assessed on the land values. In 1804 Reventlow with his leading public officers wrote to the King:

"Even within the same province, land of equal quality is more valuable near the greater towns and in densely populated areas than it is far from a town and in sparsely populated areas. We believe, therefore, that it will be most impartial to assess the land tax (hartkorn) according to the total value of land, because that will give better evidence of how much the land can yield economically. On this total value and not on the quantity of farm land alone, taxes could fairly be paid by everybody."

After the long expensive war with England (1807-1814) Denmark and Norway were separated, Copenhagen bombarded, the

Navy captured and more than 1,000 merchant-ships seized; Denmark was ruined. But free trade and the land reforms remained.

After the bankruptcy in 1813 the famous founder of modern science of jurisprudence, Anders Sandoe Orsted, restored confidence in the Danish currency by giving the money a foundation as a mortgage in the land values. In 1801 he made the following observation:

"If the laws permit the citizens to erect funds of their possessions, such a right should only comprise their money and movables, but should never be extended to their landed property, because land is the safest and most indispensable basis of society. The withdrawal of land from the coming generations might force all citizens who were not privileged members of the establishment to emigrate, because no spot of earth was left for them."

This distinction between the land of a nation and the things made by man is of paramount importance in dealing with land taxation. A similar observation was made by Sir Winston Churchill in his famous speech in Edinburgh:

"Land, which is a necessity of human existence, which is the original source of all wealth, which is strictly limited in extent, which is fixed in geographical position--land, I say, differs from all other forms of property in these primary and fundamental conditions."

Reventlow, who had been the driving force in the great reforms, met with many difficulties in his work due to the war and the poverty of the country. But he persevered and laid so firm a foundation that, in the main, his great reform could be accomplished seventeen years after his death. The land-value taxation of 1844 yielded about one-half of all the taxes around the middle of the 19th century.

The result of the land reforms and free trade could be read on the Exchange of London. Before the reforms Danish agricultural products were rated at the bottom of the exchange list. A few dec-

ades later they were rated topmost. This is like a laboratory experiment proving the effect of sensible land reforms.

On the Liberty Memorial of 1797 in Copenhagen is justly written:

"The King commanded/ the fetter of Adscription shall be broken/
the Land Legislation given Order and Power/ in order that the
free peasant/ may be brave and enlightened/ industrious and
good/ honest citizen/ happy."

The most democratic economic reforms were carried out under the Absolute Monarchy in Denmark. Perhaps the old statesmen were wise to establish economic democracy before establishing political democracy. It was not until 1849, under the first Slesvig war with Germany, that Denmark had a free Constitution. Under political democracy the politicians have sometimes forgotten how important economic democracy is. In 1849 Grundtvig, the great poet and historian, who laid the foundation of the Danish Folk Highschools, said:

"Every Nation is the right Land-owner of its own Fatherland. By no Law can the People ever be deprived of this Right."

The expense of the war with Germany was levied as a land-tax where the titleholder and the bondholder were equally made responsible.

When in 1901 the first cabinet with parliamentary responsibility was appointed, great reforms were expected. The next year, therefore, the smallholders issued their famous 'Koge Resolution' in which they demanded full land-value taxation, freetrade and taxfreedom of consume, production and buildings. The liberal government did the opposite--abolished the old land-value taxation (Hartkorn) and introduced taxes on income, capital and buildings. The result was a rise in the land-value, a rise in the mortgage debt, and a rising national debt.

Since then attempts have been made to regain the loss. In 1908 a tax on unearned increment due to railroad construction was carried. In 1916 a law of separate assessment of land as the prerequi-

site of production, and of buildings and improvements as the result of production, was carried.

The land reforms of October 4th 1919 solved the problem of the State taking over land from the large entailed estates and from the glebe land. This land was parceled out in smallholdings and young farmers could obtain the land free of selling price, but with the obligation to pay to the society the economic rent of the land after the periodical valuations.

In 1922 a bill on land-value taxation to the state was passed. Four years later a similar bill on municipal land-value was passed. In 1933 a bill on taxation of the unearned increment in land was carried. Through these different forms of taxation it was estimated that about half of the land-rent created by society was collected for the people who created it.

Denmark has a small georgeistic party called the Justice Party, 'Retsforbundet'. I had the honor of being its parliamentary leader through 14 years. At the election in 1957 it rose from 6 to 9 seats. As the three parties, the Social Democrats, the Social Liberals (Radicals) and the Georgeists - to a greater or lesser extent - all claimed progress in land reforms, and the three parties together had a majority in the House, they formed the so-called Triangular Government.

The idea of participating in a government was this: to obtain results which would not have been obtained under any other government, and in return to participate in fulfilling some of the wishes of the other two parties, proposals which under another government in any case would have been carried into effect.

The results for the country were good. In this country no other government after having been in power for only three and a half years, has been able to meet the electorate with similar results. There was progress in every sphere of economic life. Production rose with more than 30%. Savings, especially in the private sector, increased enormously. Investments rose 44%, and investments in industry rose 135%. Consume and standard of living improved

20%. The building industry flourished after abolition of some of the worst restrictions and the change from government control and public financing to private initiative and responsibility. The foreign exchange reserves rose drastically from a deficit of a quarter of a billion Kroner to a cash of nearly one and a half billion (1 US \$ = 7 Danish Kroner). This result was not due to borrowing, since the public debt was reduced with more than a billion Kroner. The rise in foreign exchange reserves started immediately after the formation of the government, and expressed a confidence in the currency. A devaluation had been ventilated but, it was known that the Justice Party was strongly opposed to devaluation and inflation.

Taxes were reduced so that a family which in 1960 had the same income and the same consume as in 1957, had a tax reduction of more than 10%. The government joined the E.F.T.A.. The restrictions on import were abolished, the Supply Office and Exchange Control Office were closed, and the protective customs duties came under rapid abolition between the E.F.T.A. countries. This was the greatest liberation of trade since the days of Reventlow.

In 1957 Denmark had considerable unemployment. In 1960 the unemployment had given way to full employment.

It is most interesting that in the years before the triangular government, inflation had been about 4 or 5% annually, transferring values of about two billion Kroner every year from wage earners and small depositors to owners of real property. During the three and a half years the triangular government was in power, inflation was practically stopped or reduced to about 1% a year. The municipal land-value taxation was more than doubled, from 1.2% to 2.6%, the law stipulating that the revenue of this taxing should be used to reduce the personal taxes on income. The annual revenue of this improvement represented the rent of 2.8 billion Kroner in land value. They were transferred from the privately owned land monopoly to the population of the cities.

Twice the law concerning taxes on unearned increment was improved. If, as the law demanded, the administration and the assessments had registered the real market price of developing land, in the future the whole value of rising prices on land would have been collected for the nation which created them. The amount of land is limited. The number of inhabitants is increasing. The abolition of unemployment and the rise in income will necessarily lead to a higher demand for building sites resulting in rapidly rising prices on land. The taxation on unearned increment will not stop the rise in rent, but it will stop the rise in the selling price.

The results were good for the country. For the Justice Party they were not. At the election of 1960 the party was defeated and lost all its members in Parliament. This result was unfair. It was mainly due to two sets of factors. The first was the continued, organized attacks from the parties representing big money and great monopolies, controlling 80% of the newspapers, suppressing information of the good results, and distorting the content of the laws and reforms. The brunt of the attacks were directed against the Justice Party, and this party, not having one single newspaper, was severely handicapped. The attacks proved that the vested interests, which know more about the importance of the land question than most politicians, were aware of which party was most dangerous for their economic interests. These difficulties could have been overcome in the election campaign, if not internal disasters had overtaken the party. After the election of 1957 the Justice Party had 9 members in Parliament. Three of the veterans became members of government, leaving six members, of which two were newly elected. The most efficient of the six members, Mr. Knud Tholstrup, in the first year had to give up his seat, because he could not overcome both his world-wide business and the heavy strain of being a member in a small party participating in all the committees. Therefore, his substitute was called in. Then the experienced member, Mr. Alfred Jorgensen, died and his substitute was called. Then, in the next year, the chairman of the parliamen-

tary group, Mr. Helge Madsen, died and his deputy was called. The next year again Miss Gudrun Bjerne died and her successor came in. Then my health was wrecked due to coronary thrombosis so that the doctors ordered: No more election campaigns. Of the six ordinary members of the parliamentary group only one experienced veteran was left. More than half of the crew on deck was lost. The defeat, therefore, was not due to insufficient efforts or results. It was not a political defeat but a physiological breakdown. The results had proved the truth of what we had said. The land problem can be solved.

In 1957, after the government was formed, the rise in the land-values was held or reduced for fear of what the coming legislation would bring. This result was seen before the laws were even represented in Parliament. After the extermination of the Georgeists in Parliament we have seen how influential are the mighty vested interests and how timid are the other parties. Within a few years the laws of land-value taxation have been wrecked.

The law of land-value taxation to the State was abolished. The law of publicly owned land on ground rent terms was abolished. The law of local land-value taxation has been made voluntary for the municipalities. And the results? A rise in the land prices as never before - and a fresh outbreak of inflation.

In the years before the triangular government inflation grew about 4 or 5% and after the abolition in 1965 of the tax on unearned increment, it rose to 8%, which means that a capitalized value of at least 5 billion Kroner a year is lifted from the common man to the few privileged men. In between these periods we see that in the three and a half years of a land-taxing government inflation only rose about 1% annually. This is an interesting experiment proving the near connection between inflation and land speculation.

Through a millennium the land values in Denmark have risen from the days of the Vikings until 1957, excepting periods of wars and plagues. Within the six years since 1960 the land values have

risen more than they did through all the preceding thousand years together. A value equivalent to the value of the whole Kingdom has been gained by forces in society who possess and acquire without taking part in the creative productive process of man. This, also, is an interesting experiment proving how important is the land problem.

The land problem remains unsolved in nearly all nations. It can be solved and it can be mismanaged. If so, it can be solved again because land is more enduring than man.

There is a clear distinction between what God has given and man has made.

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