

GEORGISM IN GERMANY

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Translated from the French by Robert Clancy

The struggle for the soil is as old as humanity. The war of the peasants in Germany corresponds to the Jacquerie of France. Both ended in catastrophes to the great misfortune of the populace.

But the scientific theory of man's right to the earth by means of the "single tax" arose with the great French scholar Quesnay (1694-1774). And a scientific study of his works is to the credit of the German scholar August Onken (1844-1911). Under the influence of the Physiocratic school, founded by Quesnay, Emperor Joseph II (1741-1790), began in his hereditary lands a fiscal reform, the realization of which was halted by his untimely death. At the same period the Marquis and later Grand Duke Charles Frederick of Bade (1728-1811) was won over to the Physiocratic idea by Mirabeau the elder. He applied, through Schlettwein, a tax on rental value in three villages of Bade in the canton of Emmendingen, the prefect of which was Schlosser, the brother-in-law of Goethe. But this attempt, though based on a just principle, failed because, as was proved by Professors Von Scheel and Roscher, and Dr. Corsten, it was limited by a too restricted base instead of being extended to the whole country. This should have taught a lesson to the too prudent reformers who want to act on principles. "Wash my hair without getting wet wet!"

A hundred and twenty years later the surveying director Julius Emele, a compatriot of Schlettwein, sought to avoid this error by proposing in his work, "Example of Introducing and Applying a Tax on the Rent of Land" (1898, to submit the entire grand duchy of Bade to this tax.

A work of much more considerable scope might have attended the enfranchisement of the peasants by Baron Stein (1757-1831), if only he had applied the ideology of the Physiocrats, which inspired the French Revolution, as he well knew. Unfortunately, Stein abstained from it; also his successors.

Even if it had not been completely botched by his successors, his reform would have remained a body without arms or legs, incapable of fruitful action. This tragedy is described by Professor Knapp, the father-in-law of the President of the Federal Republic, Theodore Heuss. In the biography of Frederick Naumann, he draws attention to the extreme importance of Henry George.

While Stein was still living, the agriculturist Heinrich von Thunen (1803-1850), published his work, "The Isolated State." The fame that this work brought him does not change the fact that, up to the present, critics limit themselves to his formula of a just wage, passing silently his classical development of ground rent and the possibility of using it for fiscal revenues.

The work "Propositions for Regulating Ground Rent in Prussia" by the economist and Deputy C. C. Kries, which appeared a hundred years ago, has remained almost unknown in spite of its timeliness. At about the same time, Karl Arndt, who, like Henry George, did not know of his Physiocratic predecessors, published "The Natural Tax," and Hermann Heinrich Gossen his "Explanation of the Law of Human Commerce and of the Rules of Human Action." Friedrich Wilhelm Alexander Held founded the Citizens Journal (Staats-burgerzeitung) and the Radical Reform Society, both of which prepared the ground for Bodenreform (land reform). As a follower of Ricardo and Malthus, Professor F. A. Lange made very important studies on land and land rent, but these did not gain him the same popularity as his "History of Materialism." Hardly more success was reserved to the organizations founded by Dr. Theodore Stamm (1822-1892), which, following the proposals of the banker Adolf Santer (1824-1883), and of Professor Adolf Wagner (1835-1917), had for its aim the nationalization of the soil. Likewise, the German Union for Reform of Landed Property, founded in 1888, suffered from internal discord, for its spiritual father, the great industrialist Michael Flurscheim (1844-1912), was a cosmopolite who wanted, uselessly, to surpass Henry George; while the President

of the Union, Heinrich Freese (born 1853), was a protectionist who rejected the most decisive theories of Henry George. The most celebrated member of the Union was the Austrian economist, Theodore Hertzka (1845-1927), who had failed in his efforts to realize his ideas in Africa.

His follower had hardly any more luck — Professor Franz Oppenheimer (born in 1864), who owes his celebrity to his refutation of the theories of Malthus and his studies of the theories of Ricardo. His proposition to redistribute the big estates met with no success, for it was not supported by a land value tax, of which he was a partisan. While he was a tutor at the University of Berlin, he reproached the Social Democrats "for attacking capitalism on the most difficult side, and for neglecting the easiest plan of attack, the Georgist tax."

It wasn't until 1898 that the Union of German Land Reformers began to have a certain influence on the public when Adolf Damaschke (1865-1935) took the presidency. The way for Georgist ideas seemed to open up in Germany, for Damaschke did much to propagate them by his writings and lectures. But whoever sees in the land value tax, in the orthodox Henry George sense, a much greater guarantee for the welfare of the people than in protective tariffs of all sorts, will understand how their unnecessary sacrifice of true and unlimited free trade as advocated by Henry George, just about cancelled their relations with Georgists of other countries, in spite of their great knowledge and influence. The struggle for fiscal reform, based on the land value tax, transformed itself into a struggle for a tax on the "surplus value", which was strongly advocated by Professor Eberstadt and the Honorary President of the Union, the "desk socialist" Wagner, in spite of the plausible reasons for combatting it. As protectionists and Malthusians, they could only with difficulty accept the Georgist theories, and little by little the activity of the Union turned completely to propaganda for homesteads based on the hereditary rights idea of Erman; to price control; to

the purchase of land by the communes (["]Bucher); to mortgage reform (Weyermann, E. man, Liertz); to debt limitation (Schopfer); to the right of repurchase of lands by the communes (Heinrich von Wagner); and other measures which all remain incapable of lowering prices and improving production and the economy in general.

One of the most dangerous of the proposals was "the tax on the common value," that is, on the market price which had as its base the land and the building! This would have barred the way to the true tax on land values in the Georgist sense. Most members no longer knew the aims of this tax any more than did Silvio Gesell (1862-1930).

The Union of German Land Reformers did maintain that land reform is neither a means of increasing small holdings nor of splitting up big holdings. The abusive use of this term in Eastern Europe has harmed the propagation of Georgist ideas. The most capable man in the Union was a businessman and professor, Adolf Pohlman (1850-1920), whose "Bases of Political Economy" interprets the Georgist doctrines clearly. It is truly regrettable that Damaschke did not see fit to follow the eminent economist and urbanist, Siegfried Sitte (d. 1945) of Vienna, the irrefutable results of whose researches would have furnished a firm and scientific base for the Union.

The Union ceased to exist under the Nazi regime. An attempt at reviving it under another name has failed. But never has the need for fundamental, organic and radical fiscal reform been felt more strongly than now. And never had the leaders of our movement felt more abandoned than now. It is perhaps a consolation that the idea of a single tax is not entirely forgotten in the chaos of the present time, even if it manifests itself under a form as absurd as a single tax on revenue or on consumption or on energy. Thus Johannes Lubahn, in his "Communal Reform," and Dr. Erich Lubahn, in his "Urban Land Reform," continue the errors of the Union and even multiply them. In contrast, Herbert K. R. Muller treats the question much

better in his work, "Urban Land Value and the Assessment of Land" (1953); but he commits the error of confusing the market selling price with the total ~~land~~ value, which should serve as the base for our single tax. This puts him in contradiction with Henry George. The engineer, Dr. Martin Pfannschmidt has just published his "Land Rent in Space Economics and Space Politics."* With mathematical exactness he develops the necessity and the possibility of a fiscal reform in the Georgist sense, only to sacrifice at the last moment his entire study by an erroneous deduction in saying that the single tax of Henry George is no longer possible today!

But there is nevertheless nothing clearer than these indisputable facts: Every tax which is imposed upon the price of products, or upon wages, or upon capital invested in production, raises prices and restricts production. Only a tax on the entire value of land permits maximum production and minimum prices. The state can never raise any more in taxes than land rent in its scientific meaning can furnish. (See Henry George and Thünen).

Every fiscal reform stands or falls in consideration of these facts, no matter what the time and place. No one can be in contradiction with what Kant said: "That which is effective for logical reasons in theory is also effective in practice."

*Revised in July 1954 HIN by Bennett Challis.

(The above article appeared in the French Georgist Quarterly paper, Terre et Liberté, for January-February-March 1955, and has been translated from the French. Readers who know French will find many informative articles in Terre et Liberté -- and incidentally will be aiding the Georgist cause in France by subscribing to it. Your donation (minimum \$1.00 per year) should be sent to Terre et Liberté, 3 bis, Rue Pasteur, Mesnil-Esnard (S.-O. Inf.), France.

(We would also like to see Georgist ideas fare better in Germany than indicated by Dr. Richard's article. There will be more about this in the future. -- R.C.)