

ESSAY ON GERMAN TAX REFORM

Dr. Curt Fischer, of Wiesbaden, in a long special article, "The Single Tax; a Contribution to German Tax Reform," published in *Steuer und Wirtschaft* (Taxation and Economy), of Munich, gives a detailed exposition, with many apt quotations, of Henry George's contribution to the subject of taxation reform. Dr. Fischer, after briefly explaining the general economic principles, gives the consequences of the land value tax policy, as George deduced them, and analyses the essential conflict in principle and practice between his teaching and the confused theories and policies in vogue to-day. Finally, Dr. Fischer points out and discusses those aspects of the Land Value Tax which appear to himself to be most likely to evoke criticism.

Dr. Fischer's aim in writing his article was not so much to put forward the Land Value Tax policy as a proposal for general acceptance by his readers, as to "rescue from total oblivion Henry George's reformatory ideas of taxation and introduce them into the current discussions about a new German tax reform." His object was to inform rather than advocate. All members of the Land & Liberty movement will be grateful to him for taking this opportunity of promoting discussion and disseminating information of the reform we advocate. Dr. Fischer also gives practical information of the International Union.

Parts of his article, however, show how difficult it is to explain Henry George's thesis fairly, and yet maintain a non-committal attitude. "George simplified the question to the uttermost," says Tolstoy, "so that it is impossible not to admit the wrongfulness of land-ownership unless one simply shuts one's ears." How familiar it is to find in pedagogic references to Henry George's works, that the writer will not even commit himself to deciding whether or not land is necessary to human existence!

Dr. Fischer is guilty of no such absurdity; but in one part of his article there is a sentence which suggests the possibility that George's principles and policy might have been applied to his own times and conditions, but not to ours. To admit such a possibility assumes that economic law can change with the passage of time; in other words, that political economy is not a science revealing natural laws of which man can avail himself, but a mere subject of discussion as useful as a debate whether Matisse or Picasso is the worse painter. It is interesting to explore the origin of this assumption.

It is significant that soon after *Progress and Poverty* achieved wide circulation among ordinary people, the orthodox, professional economists rapidly developed the practice of suggesting—without, however, bringing the matter to general discussion—that political economy was still in the rudimentary, empirical stage, when no general laws can be discerned, and every question as it arises must be submitted to a committee of experts. The progress from Adam Smith through Ricardo to Mill was ignored, and this tendency has increased as "economics" has become more and more a source of income for a profession. It is useful to remember that Adam Smith conceived his book when he was merely a tutor in classics, and Ricardo and Mill were amateurs, engaged in working for their living in other ways. Henry George—sailor, writer, journalist—never received a penny from any orthodox or endowed institution for teaching political economy. The corporate spirit of all other professional bodies is acknowledged to affect their outlook. Are

economists an exception? Circumstantial evidence very strongly suggests that economists were driven consciously or unconsciously to suggest economics had no fixed laws because the unorthodox interloper, Henry George, had not only developed the science to a point where it explained economic phenomena, but had also shown every Tom, Dick and Harry how it did so. The Ninth Edition of the *Encyclopædia Britannica* was published during George's life time. The 56 page article on Political Economy was published in 1885, when he was almost as well known in England and America as Gladstone. Yet neither his name nor doctrine is to be found in that article, which itself discarded the more dogmatic treatment of the subject, as shown in previous editions. It is contrary to common sense or experience to suppose such an omission could have been entirely accidental.

The whole of George's doctrine derives from the acceptance of political economy as a true science. It can scarcely be explained by anyone who thinks any progress can be made by leaving this unresolved. It stands or falls by the experience not of one age but any age.

Among the criticisms which Dr. Fischer considers might be brought against the taxation of land values and free trade is the question, "Would the land value tax as single tax guarantee sufficient revenue to abolish all other taxes?" and he postulates that this question can be decided only by means of "absolutely correct statistics and figures." We cannot here go into the question whether, *supposing State expenditure were limited, as in justice it should be limited, to the minimum amount required for communal services*, the land value would be sufficient to defray that amount. We contend that it would be sufficient, but no "Single Taxer" would argue that land values alone could defray the stupendous extravagance of modern over-government. We do not see how any statistics collected from data inevitably affected by monopoly—restrictionist conditions—can resolve a question only to be finally decided by observation under conditions of equal freedom. Neither do we think this supposed difficulty has anything but academic relation to the immediate proposal to tax land values as much as we can, correspondingly reduce other taxes as much as we can, and reduce the extravagance and restrictions of government as much as we can. The objective investigator should enquire first: Is this just? and secondly: Is this expedient? To tolerate any present injustice and loss merely because one cannot be *certain* that a measure *towards* abolishing the injustice will in the remote future provide against all injustice and all loss—this surely is neither right nor reasonable.

Dr. Fischer refers in a footnote to the unsuccessful efforts of the Markgraf Karl Friedrich in Baden, and the Emperor Leopold in Tuscany, to introduce the Physiocratic *Impôt Unique* at the end of the Eighteenth Century. It would be interesting to know more details of this.

It is misleading, however, to describe the policy of land value taxation as differing in only a "few unimportant details" from the *Impôt Unique*. The Physiocrats assumed that land used for primary industries only could yield any such revenue; all secondary industries being "unproductive." This would have exempted the most valuable (urban) land in every country. This difference is not unimportant; its consequences would be stupendous. In *Progress and Poverty* Henry George specifically points out and condemns this fallacy of the Physiocrats.