

GERMANY TRIES A HENRY GEORGE PLAN AND LIKES IT

Municipalities' Successful Experiment with Land Value Tax Leads Imperial Government to Emulate It.

WITHOUT any great eruptions of orators or sallies of cohorts into the assembling places of the makers of statutes, one of the most portentous economic reforms ever urged in this day and generation has suddenly made good in a practical way in one of the most powerful of the nations of the world—Germany.

A dispatch through The Associated Press from Berlin this last week announces that the old Henry George propaganda for the theory that as out of the earth we sprung we should live by and of the earth, has proved so successful in municipalities where the scheme has been in existence that the Imperial Government has caused to be put before the Reichstag a measure providing for the Governmental taxation of the unearned increment of land. The measure provides that the Government shall take for imperial uses 6 per cent. of the taxes derived by the municipalities from the unearned increment of land.

The municipalities which have been using the land value tax for raising revenue—and they number over 300 large cities and towns—have been collecting from the unearned increment tax alone \$125,000,000 a year.

In New Zealand what Single Taxers call "the single tax limited" has been adopted successfully; it is making strides in Australia, and in principle it has been adopted in the Lloyd-George budget in England; and is the principal feature of that measure. We hear a great deal about the strides Socialism is making and very little about the progress of the single tax, and yet these instances show that the latter is getting further in actual legislation than the former. It therefore becomes of interest to inquire into the progress which this theory is so quietly making in the world's statute books.

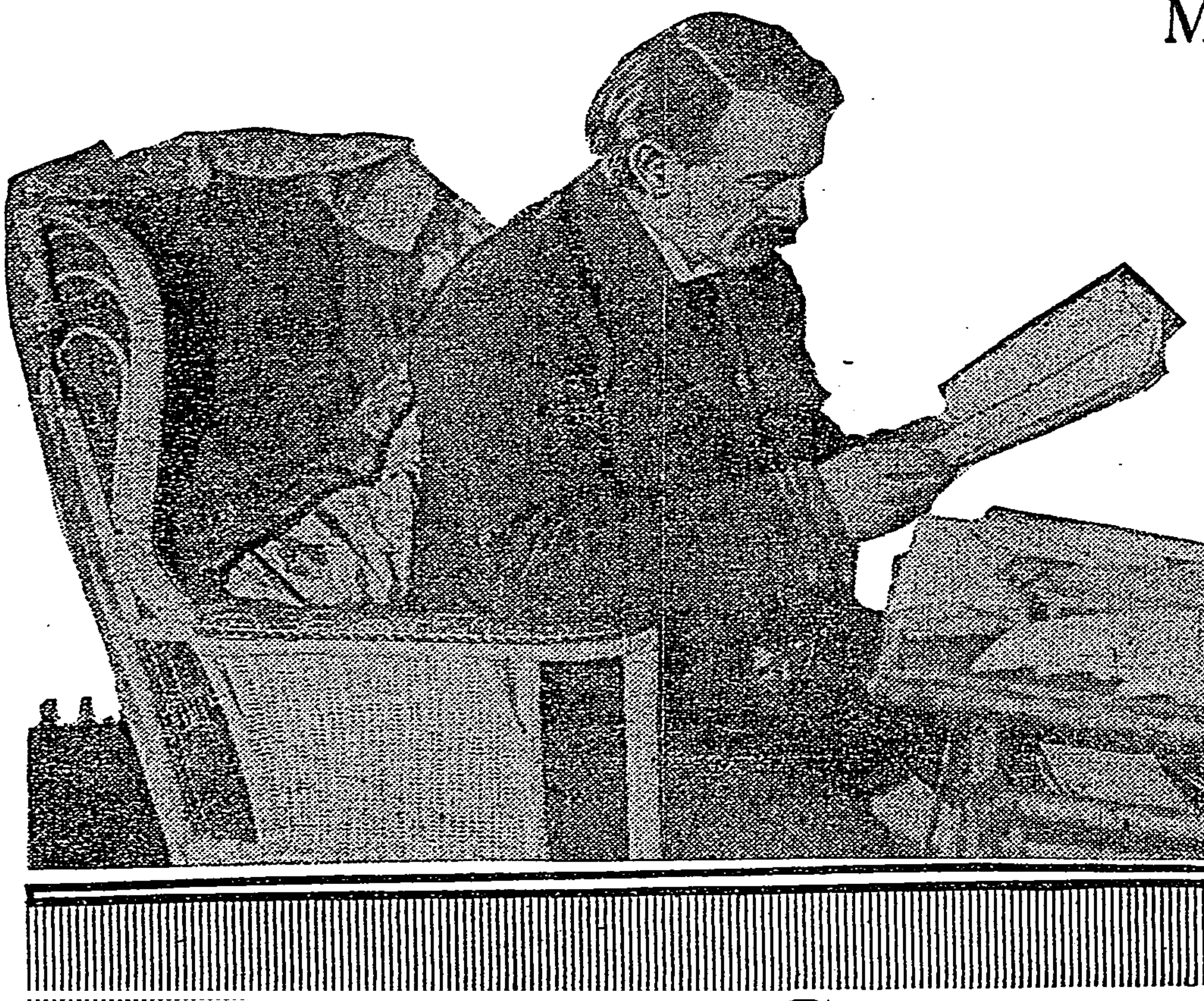
Ten years ago the German Government made a little experiment with the land value tax scheme of raising money, which was a second cousin to the Henry George single tax idea. Its then newly acquired colony of Kiautshou was taxed 6 per cent. of its actual capital of land. This meant a tax of 6 per cent. on real estate whether it was just a piece of flinty field or a block where buildings stood.

The Georgian idea was there. The tax was not taking revenue from the holder of any piece of land on an artificial basis of valuation. It was taxing land capital, a capital which the single taxers maintain is the capital of humanity as a whole, belonging to the community and to be held for that community, and through a system of rentals, provide the whole community with revenue for its operation, its improvement and development.

There was no outcry against this tax on the land capital of the new German colony, or if there was it was neither long nor loud. It must have worked very well, for one German city and town after another adopted it until the communities found that they were paying their own way handsomely and with little trouble. The tax was, generally, small, from 2 to 5 per cent. per thousand of the selling value of land.

Until this week just passed the keepers of the Imperial Government's exchequer did not make any move to develop the system from the municipal form into a National one. But the statistics showing a revenue of \$125,000,000, secured without complaint and regularly every year, finally proved too attractive to the Emperor's gettars of revenue. And, mark you, this money did not come from the original tax charged equally against land wherever and however situated, but it came from the added tax on the unearned increment.

During the ten years following the Kiautshou experiment municipal revenue devisers had marched abreast of the times. They figured that a piece of land valued at \$2,000 for taxation purposes and selling for \$3,000 or \$4,000, when it changed hands, produced an increment that was unearned by the individual transferring it. The single tax idea is that the increase in the value of land is not made by the putting up of a building on it solely, but that all the people in the building, around the building, and all the property abutting it and bolstering



Chancellor Lloyd-George.

it up, so to speak, made the increase possible, and that to all of them belongs a share not only of the honors, but of the profits.

In the cities, towns, and villages of Germany this unearned increment was looked upon as fairly accruing for the application of a system of taxation. The owner of the land probably protested, but the neighbors who had, without any unselfish intent on their part, perhaps, helped make its value increase, were satisfied in having that increment provide more and more to the general revenue fund for the operation of the community.

So, too, the next door neighbor would have his share of increased tax in proportion to his individually unearned increment, and the next to him and the next and so on down the line until it struck the most remote suburbanite whose land gave him nothing but his vegetables and his meat and his shelter without any of the delight of increment unsweated for. Not having an unearned increment he was not taxed, of course, but as a citizen who had done all that he could as a citizen he was entitled to his share of the general revenue fund which meant the maintenance of the police, the army and the navy, the roads, the courts, the hospitals, and—alas! perhaps—the jails and the correction of the stocks. As long as he could pay the general tax—a small one—upon the land capital of the community he had done his share.

The Single Taxers, being the very anti-slatherers of wealth, do not believe in spreading the icing of the cake with even thinness over the entire body politic. One of their tenets is that wealth should not be taxed, and that once the citizen has made good with his land rental he is entitled to get all that he can out of that land, whether he gets it by building a merry-go-round or a skyscraper on it, or whether he bunkoes the Agricultural Department at Washington out of free literature and raises over in New Jersey on a half-acre lot asparagus that is worth its weight in gold.

The Single Taxer believes in the increment, and lots of it, but he asks that it be earned, and that every man who manages to store wealth be required to put his shoulder to the job and heave instead of having a special privilege under the prevailing statutory conditions, which permits him to have others do the heavy lifting for him.

A TIMES reporter, lugging around in a

walruscoat pocket the small item from Berlin telling of the interest of the Imperial Government of Germany in the land tax and the unearned land increment, invaded the lairs of the New York Single Taxers to ask them about it. One of the most active of the propagandists, next to Henry George, Jr., had been quoted in a speech as saying: "Happless are the people who do not possess a vision. Here is a vision indeed." He referred to the Georgian idea. Reformers clamoring for visions are generally accepted as wearing long and matted locks or flowing black neck cloths, or both. This one sat at a roll-top desk and had a nifty stenographer; his hair was trimmed neatly, his desk was piled with work, and he smoked a cigar far superior to the profundo brand usually struck in cafes. His office is in a skyscraper in the very heart of the financial district. His name is Joseph Dans Miller, and he is editor of The Single Tax Review, the official organ of the Georgians in this country.

"Yes," he said, after reading the cablegram dispatch, "the Germans have been finding out a great deal in the matter of revenue for the people. Their tax on unearned increment of land value is called 'zuwachsteuer,' and it is rapidly becoming a favorite mode with German municipalities of recovering increment values attached to land. The tax cannot have any marked social effect, but this way of regarding land has led to a broader policy in the acquisition and leasing by town governments.

"And this policy is now being urged in the larger national schemes of canal construction, and Germany is on the way to make greater gains, since this policy must grow by what it feeds on. German cities do not squander their franchise rights as we do. This has resulted in their retaining much of their value, which with us goes into the pockets of the franchise landlord."

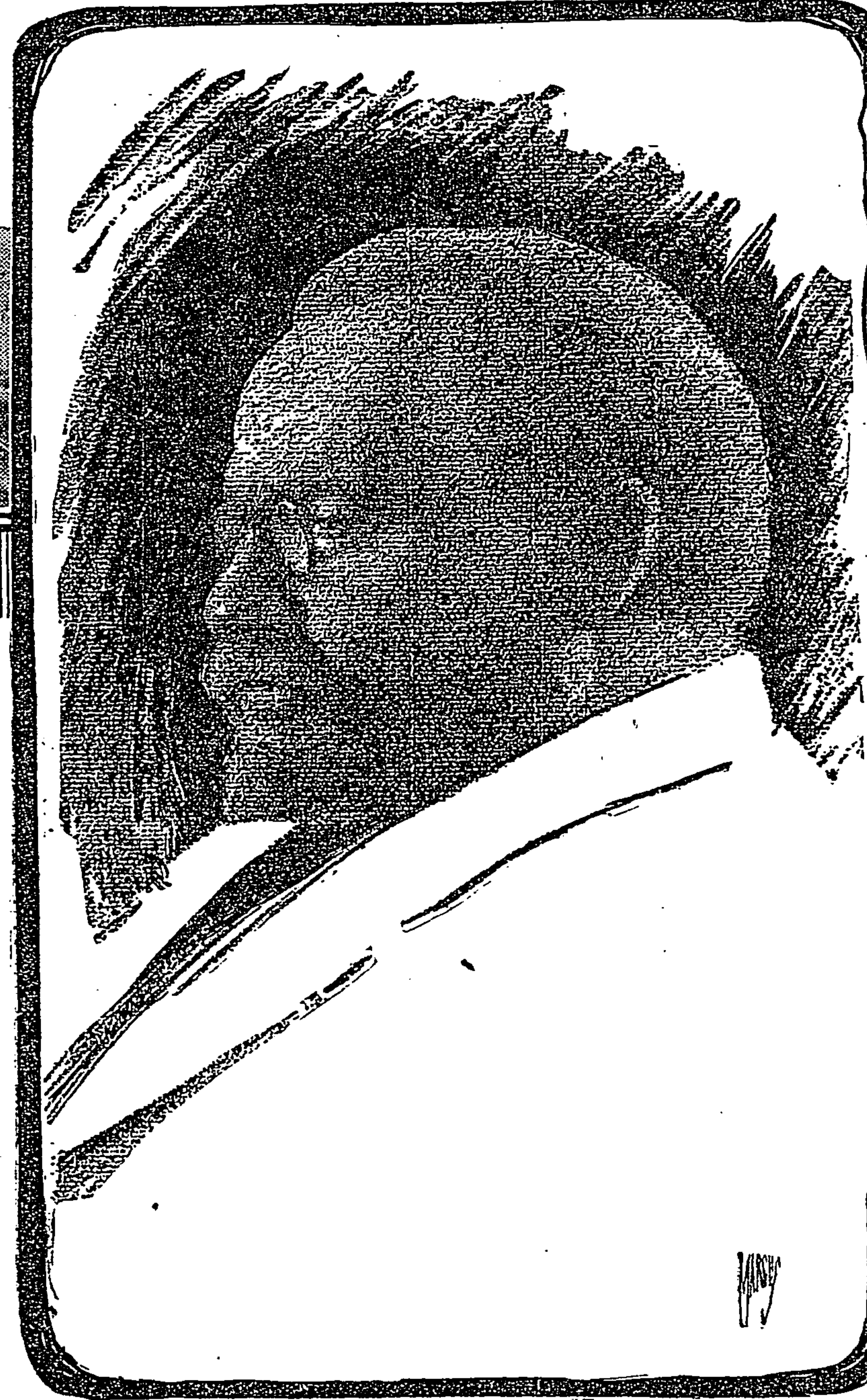
Mr. Miller pointed out that very recently in this city there had come before the Public Service Commission the plan to tax the land that would receive unearned increment by reason of the building of the new subways and make the tax on the land touched by the new lines pay for their building. The Manhattan Single Tax Club, with an active membership of 300, founded by Henry George, is now giving impetus to this plan.

This club and the clubs in Brooklyn and other cities of the State are also intensely interested in Mayor Gaynor's recent declaration in favor of the abolishment of the tax on personal property.

The hearing on a measure to abolish the personal tax is soon to come up at Albany, and all tax reformers are interested in the outcome. The abolishment of the personal tax will increase the tax on real estate holders a decimal only and will abolish the farce of taxing inconsiderable possessions.

It is a well-known fact that the most conservative economists are in favor of abolishing the personal property tax. The New York Tax Reform Association is back of the bill soon to come up in Albany, and the Single Taxers, following their policy of helping along anything that may prove the slightest aid to the movement of abolishing taxes, welcome this movement.

Unlike other reformers with visions of ideal human existence, the ending of the misery of poverty and the bitterness of human injustice, the Single Taxers do not reject any tax plan that may technically appear to be against their principles and yet, practically, prove of help to the people in having the land do the work of revenue raising. They seem to realize that half a loaf is far better than no loaf.



Daniel Kiefer.

ment of the tax on personal property. The hearing on a measure to abolish the personal tax is soon to come up at Albany, and all tax reformers are interested in the outcome. The abolishment of the personal tax will increase the tax on real estate holders a decimal only and will abolish the farce of taxing inconsiderable possessions.

It is a well-known fact that the most conservative economists are in favor of abolishing the personal property tax. The New York Tax Reform Association is back of the bill soon to come up in Albany, and the Single Taxers, following their policy of helping along anything that may prove the slightest aid to the movement of abolishing taxes, welcome this movement.

Unlike other reformers with visions of ideal human existence, the ending of the misery of poverty and the bitterness of human injustice, the Single Taxers do not reject any tax plan that may technically appear to be against their principles and yet, practically, prove of help to the people in having the land do the work of revenue raising. They seem to realize that half a loaf is far better than no loaf.

This club and the clubs in Brooklyn and other cities of the State are also intensely interested in Mayor Gaynor's recent declaration in favor of the abolishment of the tax on personal property.

The hearing on a measure to abolish the personal tax is soon to come up at Albany, and all tax reformers are interested in the outcome. The abolishment of the personal tax will increase the tax on real estate holders a decimal only and will abolish the farce of taxing inconsiderable possessions.

It is a well-known fact that the most conservative economists are in favor of abolishing the personal property tax. The New York Tax Reform Association is back of the bill soon to come up in Albany, and the Single Taxers, following their policy of helping along anything that may prove the slightest aid to the movement of abolishing taxes, welcome this movement.

Unlike other reformers with visions of ideal human existence, the ending of the misery of poverty and the bitterness of human injustice, the Single Taxers do not reject any tax plan that may technically appear to be against their principles and yet, practically, prove of help to the people in having the land do the work of revenue raising. They seem to realize that half a loaf is far better than no loaf.

This club and the clubs in Brooklyn and other cities of the State are also intensely interested in Mayor Gaynor's recent declaration in favor of the abolishment of the tax on personal property.

The hearing on a measure to abolish the personal tax is soon to come up at Albany, and all tax reformers are interested in the outcome. The abolishment of the personal tax will increase the tax on real estate holders a decimal only and will abolish the farce of taxing inconsiderable possessions.

It is a well-known fact that the most conservative economists are in favor of abolishing the personal property tax. The New York Tax Reform Association is back of the bill soon to come up in Albany, and the Single Taxers, following their policy of helping along anything that may prove the slightest aid to the movement of abolishing taxes, welcome this movement.

Unlike other reformers with visions of ideal human existence, the ending of the misery of poverty and the bitterness of human injustice, the Single Taxers do not reject any tax plan that may technically appear to be against their principles and yet, practically, prove of help to the people in having the land do the work of revenue raising. They seem to realize that half a loaf is far better than no loaf.

This club and the clubs in Brooklyn and other cities of the State are also intensely interested in Mayor Gaynor's recent declaration in favor of the abolishment of the tax on personal property.



The Late Henry George.

highly enthusiastic about the movement to form a party.

They will enjoin the party, perhaps, out they are more interested in getting their economic principles sown in the field of economic thinking and converts from the ranks of men of wealth and intellectual force. One such convert is considered more valuable than a batch of votes at a polling place. They say that the votes will come after the doctrine has been preached and its merit proved.

In Albany the Single Taxers have been working every year to get the attention of the legislators to a local option tax law. If the communities are allowed to handle their own tax problems, as they have been with so much success in Germany, then the Single Taxers believe the people of the cities and towns will not be averse to trying experiments tending toward the single tax theory.

They have succeeded in getting a fairly good vote each time in Albany, and they keep plugging away at the initial step of local option. The local option movement is far advanced in Massachusetts, and in Boston C. B. Filletown, a wealthy retired woolen merchant, has led the single tax fight with a considerable success that is not perhaps widely recognized. The Single Taxers have secured the influence of the more important newspapers for their local option fight. The fight for local option has done well in Rhode Island also, and in Providence many manufacturers are supporting it.

In Maryland the town of Hyattsville had local option in the matter of taxation, and adopted the Henry George single tax plan. The plan was taken into the Maryland courts and was finally declared unconstitutional in that State. That ended the single tax plan there of course.

In Fair Hope, Ala., is a colony of Single Taxers, a little community with a population of about 500. This community pays all State and local taxes out of rental values of land. It has lasted thirteen years, and New York Single Taxers hold that it has measurably succeeded as compared with colonies of other reformers. They say that no Socialistic colony ever managed to hang together that long in peace.

Ten years ago the prospect of reform in land taxation was so poor that even the most enthusiastic advocates of it seriously considered the disbanding of their little body having the propaganda of Henry George in charge. But since that time the reform of land taxation has grown steadily in interest and progress, and it has passed the stage of remote

experiment, such as tried in the little Alabama town, and has proved of practical and lasting value in the German municipalities.

In the relatively free and self-governing German cities the local economists have entered vigorously on the reform of landlord and speculative exactions, as is pointed out by Thomas C. Hall, one of the prominent Single Taxers here. The advance toward single tax in Germany has been keenly watched all over the world, and the reforms inaugurated there with success are treated with authority by Mr. Hall, who has studied the German situation with care.

"The central Government in Germany," writes Mr. Hall in a recent article, "has viewed the movement with a passive complacency, to say the least. As might be expected, the machinery of the single tax and even some of its ideals have been seriously modified in German practice. The underlying thought is that of John Stuart Mill and Henry George, i. e., that the communal increment should be recovered for commercial needs.

"The first step therefore advocated by the land reform platform is the valuation of land according to the potential rather than the actual use value (Zornmetzen Wert.) The site value and not the actual use to which the land is put thus becomes the determining element.

"Hundreds of towns have at last seen this gold mine at the foot of the community and have in response to the 'Bordenreform' agitation accepted this as a principle. It bids fair in the near future to be the universal principle governing taxation.

"This need for holding and using land led to the adoption in the Code for the empire (Bürgerliches Gesetzbuch) for provisions enabling towns to lease their lands under fair arrangements to the lessees for taking over the improvements at the expiration of the lease. Frankfurt has made splendid use of this, and is rapidly becoming, it is said, the largest landlord in Germany. Thus ground rents go into the pockets of the community whose labor makes them valuable and not into the pockets of drones, who 'toll not neither do they spin.'

"A still further assertion of the communal interest in these real estate increments is the tax upon increased values of land whenever the land is sold at an advance. In a suburb of Berlin, for example, this tax is in operation. The little town is Wilmerdorf, and in 1894 had a total income from ground rent of 10,733 marks.

In 1895 the taxation according to the common value was introduced, together with an increment tax on all transfers of land. The result was in 1901 that the town raised the sum of 621,000 marks from ground rent and 270,000 marks from transfer tax. This was in spite of the fact that the tax is only 2 per cent. on ground rent and 1 per cent. on transfers. This enabled Wilmerdorf to add schools, public parks, and such other local improvements as to entirely change the character of the town and make it a much-sought town of homes.

In Prussia alone 220 towns and country districts accepted the tax on site value, and among these are such important places as Königsberg, Memel, Charlottenburg, Spandau, Stettin, Breslau, Erfurt, Magdeburg, Kiel, Dortmund, Marburg, Wiesbaden, Aachen, Bonn, Coblenz, Köln, Düsseldorf, and Essen."

In this country the single tax movement has of late received its first big financial aid from Joseph Fels, the millionaire manufacturer of Philadelphia and London, who is heart and soul for the adoption of the Georgian principle. Mr. Fels has offered sums ranging from \$25,000 down for periods of five years' intelligent study and propaganda of the single tax cause, and in this country the single taxers are now raising money to meet his requirement that they give a dollar for every dollar he gives. He has extended financial aid to the propagandists here, in Norway and Sweden, England, Canada, France, and other countries.

The Fels commission for handling nearly a half million dollars given by the Philadelphia has for its executive head Daniel C. Kiefer, a wealthy Cincinnati man and ardent Single Taxer.