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Author(s): Michael Silagi and Susan N. Faulkner

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Henry George and Europe:

An Industrialist and Pioneer Social Reformer, Michael Flürscheim, Publicized George's Ideas in Germany

By MICHAEL SILAGI*

Translated by SUSAN N. FAULKNER

ABSTRACT. *Henry George's land reform ideas became known in Germany not through his writing or speaking but through the efforts of Michael Flürscheim, an industrialist and pioneer social reformer, who first presented those ideas to the public. The American's idea that the land value tax was the only legitimate source of government revenue as the only economic surplus had found no acceptance among German socialist leaders. It was a capitalist, Flürscheim, who was inspired by George's theories and wrote and spoke about them. Flürscheim brought about the foundation of the first German land reform organization. Though it failed, a successor became the largest such association in the world.*

I

Flürscheim and the German Land Reform Movement

GERMANY'S SOCIALIST LEADERS had no interest in the Georgist idea that a land value tax was the only legitimate source of government revenue, being based on an economic surplus. Karl Marx sought to dismiss the theory as "the capitalists' last ditch" and George as a panacea monger, while Wilhelm Liebknecht was concerned only with the fate and the future of the industrial worker. It was an industrial magnate, Michael Flürscheim (1844–1912) who, inspired by George's theories, publicized them in his writings and speeches. He promoted the foundation of the first German land reform organization.

The pacifist and international law expert Hans Wehberg¹ wrote in his book, *A. Theodor Stamm and the Beginnings of the German Land Reform Movement*, that it was Flürscheim who, through his "long, industrious and certainly unselfish activity,"² brought the idea of land reform to the notice of the German public.

Michael Flürscheim was the son of a Jewish business magnate of Frankfurt. He learned the banking business in America and, after his return in 1872, took over the Iron Works Gaggenau in Baden, which at the time had about 40 em-

* [Michael Silagi, Dr. jur. et phil., is a Senior Research Fellow at the Institut für Völkerrecht, Georg-August-Universität, Platz der Göttinger Sieben 5, Blauer Turm, D-3400 Göttingen, Germany.]

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ployees. When he disposed of the business 16 years later in order to live solely for the propagation of land reform, the number of workers had grown to over a thousand.³

From the beginning, Flürscheim had dedicated himself to solving the social problems of his workers. He especially saw to the construction of workers' housing and to the creation of consumers' cooperatives.⁴ In 1881, A. Theodor Stamm became his family doctor, and it was the physician who brought Henry George's *Progress and Poverty* to the businessman's attention.⁵

George's work had an enormous effect on the industrialist. Through his readings he became convinced that private land monopoly was the root of social ills and that it had to be fought. Therefore, in 1884, he published his first book, *In a Peaceful Way*, at the center of which stood the demand taken straight from *Progress and Poverty*:⁶ "We must turn real property into community property."⁷

Again and again the author referred to the American book, which he described to the reader in the following words: "This strange, excellent book, to which we shall return often in the course of this treatise, is best characterized by the words of an American newspaper, the *Philadelphia Evening Star*: 'Mr. George has written a work which not only represents a daring and exhaustive examination of the whole question of our modern civilization, but which also delights by its style.' And these are the translator's comments in his preface: 'No one will read it without gaining the impression that it is one of those original works which, appearing only once in a great while, give new directions to our thoughts and open the arena for a new war of ideas.'"⁸

Frequently, Flürscheim takes over word for word⁹ passages several pages long from *Progress and Poverty*, and in fact concludes his book with an exact reproduction of its last chapter, "The Central Truth."¹⁰ Toward the end of his book he calls George's work "his most powerful inspiration."¹¹

The American's book was significant, indeed, fateful, for Flürscheim, who presented himself to Henry George in a letter written in 1884 as "one of your most enthusiastic admirers in Europe."¹² He himself described his reaction to the book in detail six years later, in 1890, in his second, larger publication, *The Only Road to Salvation*. In the preface to this book, which is dedicated to "his friend Henry George with great esteem and gratitude,"¹³ he says:

"Six years have passed since I published my first socio-political work *In a Peaceful Way!* It was Henry George's marvelous book *Progress and Poverty* that gave me the courage and the enthusiasm needed for a simple businessman, a stranger to literary efforts, to decide on such a step.

"Reading George's book constituted a turning-point in my life, as in that of thousands. I, like so many others, had always felt for the sufferings of my fellowmen. But, also like many others, I had long ago come to the conclusion that

philanthropy could not heal these sufferings, yet that the path to self-healing, that of 'laissez-faire,' had until now led only deeper into the morass.

"Then came George and traced with the magic rays of a poet and seer the picture of new possibilities. These possibilities suddenly showed a straying wanderer a path through the wilderness, through the hopeless labyrinth, which he had hardly hoped to find.

"George's book was like a revelation, and I shall never be able to repay the debt of gratitude which this perceptive author had laid on my shoulders. A new world opened up before me."¹⁴

II

Flürscheim's Difference Over Capital Theory

THE "SIMPLE BUSINESSMAN," in other words, sensed this "marvelous book"¹⁵ of Henry George as a revelation. Yet even while he took from it important parts either verbatim or in paraphrase, he did think it necessary to correct his master in other no less important matters. The German land reformer commented to the following effect a quarter century later: "The chief purpose of *In a Peaceful Way* was to place the most popular points from George's book before the German public so as to create enthusiasm in wider circles for this great idea. But here I had not counted on the critical strain, highly developed within me, which now began to meddle in the affair."¹⁶

Flürscheim did agree with George that "the growing poverty in the midst of increasing wealth is due to private landownership."¹⁷ Similarly, Flürscheim retained the "same objective,"¹⁸ namely, the transfer of land rent to communal property.

But although, according to Flürscheim, private appropriation of land values was the "ultimate root cause"¹⁹ of social deprivation, he found its "real cause"²⁰ to lie in the income surplus of the large capitalists which is not utilized for employment,²¹ that is, invested as venture capital. The source of this income surplus he thought to be primarily capital simple interest and compound interest.²² For these made it worthwhile not to use capital for employment of workers, but as it were, to withhold it from them. That was why Flürscheim felt that it was important to destroy the ability of capital to maintain its value over a long period of time, even to multiply it. The means to achieve this was for him nationalization of land. For "only through the support of land property rights can a single individual conserve, over an extended period of time, capital property and capital worth. Without this crutch these would be lost to him."²³

For Flürscheim, this hypothesis argues for a bond of common interest between landowner and capitalist. Both have "the same interest, to depress wages to a minimum."²⁴

Thus, while George believed that wages as well as interest on capital were depressed, contrary to natural law, by the private appropriation of land rent, the German industrialist regarded interest on capital, rather than land rent, as the "most dangerous thief of the share due to it [*i.e.*, labor]"²⁵ Being just a consequence of reform of private land monopoly, this interest on capital would of necessity disappear, along with land monopoly: "As soon as interest on capital loses its foothold in land rent, it will have to shrink continually."²⁶ In contrast to George, Flürscheim wanted, through the abolition of private land rent, to strike at the capitalist as well as at the landowner.

He believed that the basic difference between his conceptions and those of his American teacher consisted of the question regarding capital interest.²⁷ In reality, however, these differences about the question whether capital interest was a just income or not carried much less weight than he thought. For from this differing analysis of the role of capital and of the derivation of capital interest from land rent he did not deduce its corollary, a path of reform to be taken. The "remedy" was to remain George's alone. Flürscheim merely believed that there would be decreases in the interest rate as a consequence of land nationalization.

George himself did not regard this difference of opinion as in any way so fundamental as did his German student. In 1888, he wrote about it to Flürscheim: "The difference between us in relation to interest, while it may be of great theoretical importance, is a matter which for the present time, at least in the United States, is of no practical significance."²⁸

George's attitude toward his correspondent's theory regarding interest also clears up an incident which occurred in 1893, one which Flürscheim describes in his book *Need from Excess*: Both land reformers had met at George's invitation at an open debate in the New York Manhattan Single-Tax Club. At the end of a lively discussion, the American told his opponent that he was not persuaded by the other's statements about capital interest. If, however, the German's thesis were proven correct, that interest would disappear through the proposed land-ownership reforms, he (George) could only say: "So much the better!"²⁹

How could George give in to such an extent on a question of such apparent importance? His yielding here can only be explained by his basic position's having been founded in the principles of natural law. In the presentation of George's theories, the "secondary production factor," capital, was given short shrift because it played a rather subordinate role in the foundations of his system. Henry George repeated again and again the reason why natural law mandated the transfer of land values into community property, while labor and its products were to remain untaxed. That was why he espoused the "Single Tax." In an economic order consistent with the laws of nature, labor and capital would

inevitably receive what was legitimately theirs. But George did not believe, as has already been pointed out, that labor alone was deprived of its fair share of the production of goods by capital and landownership, but rather that both labor *and* capital were so deprived. He believed that, in an economic order according to the laws of nature, capital interest, as well as wages, would rise. But even if the level of interest were to fall, George had no objection to that, for it would indicate simply that such lowering of interest corresponded to an order based on natural law. In other words, while he regarded Flürscheim's view as mistaken, it did not impinge on the core of his thinking, the principle of natural law.

III

George Confronts Again the Compensation Issue

BUT MORE IMPORTANT for the comparison between the two land reformers are their differing answers to the question whether the expropriated landowner was to be compensated. As we have shown, George saw in private appropriation of land rent a continual robbery of the values which were due the community. He denied any justification for it, even on the basis of long-standing custom. Flürscheim, in contrast, supported compensation for the landowners.³⁰ While he regarded his differences with George's theories on this point, contrary to the capital interest question, as "a side issue" and "unimportant,"³¹ the disparity in this case was in fact a much more significant one, a disparity which shook the very foundations of George's system of natural law. For on the question of compensation, the American was not willing to give an inch.³²

These differences of opinion did not, however, harm the good personal relationship between the two reformers. The correspondence between Flürscheim and George, which, as already mentioned, went back as far as 1884, always remained cordial despite all factual disagreements.

A copy is extant of a letter written by George to Flürscheim in 1891, in which the writer shows a warm interest in the family affairs of the recipient, and advises him in the friendliest way against participating in a settlement project in the Mexican state of Sinaloa,³³ but his advice was disregarded.³⁴

The next year, however, Flürscheim appears to have become annoyed at a piece of negative criticism of Flürscheim's *The Only Way to Salvation* which appeared in George's New York periodical, *The Standard*, and at the American's silence following several letters written by him. In any case, the Netherlander Jan Stoffel, a friend of Flürscheim as well as a great admirer of the author of *Progress and Poverty*, wrote George at the end of 1892: "He [Flürscheim] is under the impression that you have broken off the connection between the two of you," and he pleaded with him: "Write, I pray you with all my heart, to Mr.

Flürscheim.³⁵ Yet only a month later George ended all doubt as to his attitude toward Flürscheim. He expressed his displeasure about the article in the *Standard* and invited the German to the open debate in New York³⁶ which was referred to earlier.³⁷ In his reply, Flürscheim calls George's *Progress and Poverty* "the finest poem in prose the English language ever produced."³⁸ At the end of the same year he suggested that the author send in to Maximilian Harden's important periodical *Die Zukunft (The Future)*,³⁹ those works of his not yet translated into German.⁴⁰

Finally, it should be noted that Flürscheim wrote in October 1894 to the American about his debt of gratitude: "I shall never as long as I live forget the debt of gratitude I owe you for having with your inspiring words engrafted the truth in my heart forever. We may differ in details, we shall always remain united on the bottom plank of all reforms."⁴¹

Notes

1. Hans Wehberg (1885–1962), son of Heinrich Wehberg, the first Chairman of the German Union for Landownership Reform, was professor of international law in Geneva. A friend of Alfred Fried and Ludwig Quidde, he undertook in 1924 publication of the *Friedens-Warte* ('Peace Observer'), founded in 1899 by Alfred Fried, the "most prestigious German pacifist organ" (Paul Guggenheim, "Hans Wehberg als Völkerrechtler," *Die Friedens-Warte*, LVI, 1961–66, p. 298), which he maintained till his death. (On Alfred Fried see Hans Wehberg, "Fried, Alfred Hermann," (NDB), V, Berlin, 1961, pp. 441 ff.)

2. Hans Wehberg, *A. Theodor Stamm und die Anfänge der deutschen Bodenreformbewegung* (Bonn, 1911), p. 18.

3. A. Damaschke, *Nationalökonomie*, II, p. 412; see also Friedrich Lütge "Flürscheim, Michael," (NDB), V, Berlin, 1961, p. 262 f.

4. Damaschke, *ibid.*

5. Michael Flürscheim, *Not aus Überfluss* (Leipzig, 1909), p. 1.

6. *Progress and Poverty*, p. 326.

7. Michael Flürscheim, *Auf friedlichem Wege* (Baden-Baden, 1884), p. 179.

8. C. D. Gütschow was translator of the first German edition, published by Staude in Berlin.) *Op. cit.*, p. 60.

9. E.g., pp. 22 ff., 147 ff., 179 ff., 266 ff., 347 ff.

10. *Op. cit.*, p. 368 ff.

11. *Op. cit.*, p. 362.

12. Flürscheim to George, October 28, 1884, Henry George Collection of the New York Public Library (HGC).

13. Michael Flürscheim, *Der einzige Rettungsweg*, 3rd ed., (Dresden, 1894), p. I.

14. *Op. cit.*, p. iii, ff.

15. Flürscheim, *Auf friedlichem Wege*, p. 143.

16. Flürscheim, *Not aus Überfluss*, p. 1.

17. Flürscheim, *Auf friedlichem Wege*, p. 143.

18. Flürscheim, *Der einzige Rettungsweg*, p. iv.

19. *Loc. cit.*

20. *Loc. cit.*
21. *Op. cit.*, p. v.
22. *Loc. cit.*
23. Flürscheim, *Auf friedlichem Wege*, p. 70.
24. *Op. cit.*, p. 142.
25. Flürscheim, *Der einzige Rettungsweg*, p. v.
26. Flürscheim, *Auf friedlichem Wege*, p. 290.
27. Flürscheim, *Der einzige Rettungsweg*, p. v; *cf.* also [Flürscheim] "Die Zinsberechtigung des Kapitals," *Deutsch Land*, I, 1887, p. 73 *ff.*, and "Nochmals Henry George und die Zinsfrage," *op. cit.*, p. 105 *ff.*
28. The German version, (translated back) is together with Flürscheim's answering letter reprinted in "Ein Briefwechsel mit Henry George," *Deutsch Land*, II, 1888, p. 250 *ff.* (251). The English original cannot be found. Flürscheim's answer is to be found in the Henry George Collection (Oct. 19, 1888). *Inter alia*, Flürscheim writes here: "You have done more for humanity in these ten years than all the benevolent societies of the whole world," and "You are the general, I am proud to follow."
29. Flürscheim, *Not aus Überfluss*, p. 213.
30. Flürscheim, *Auf friedlichem Wege*, p. 209 *ff.*
31. Flürscheim, *Der einzige Rettungsweg*, p. v.
32. *Cf.* Geiger, *op. cit.*, p. 144 *ff.*
33. George to Flürscheim, August 26, 1891, HGC; of George's letters to Flürscheim, except for the letter quoted above, only a copy of the letter of October 25, 1890, exists in the Henry George Collection.
34. On Sinaloa and Flürscheim *cf.* Freese, *Die Bodenreform*, p. 121.
35. Stoffel to George, December 23, 1892, HGC.
36. The original text of this letter has not survived; its content and date can be inferred from Flürscheim's answer of January 28, 1893 (HGC), in which he expresses his thanks for George's "kind and welcome letter" of January 12, and voices his relief at having found that his ill-feeling was based on a "wrong impression."
37. The pertinent records refute the view expressed by C. A. Barker in *Henry George*, p. 596: "Probably in 1891 and perhaps earlier he [George] broke with Flürscheim permanently."
38. Flürscheim to George, January 28, 1893, HGC.
39. On the *Zukunft* ('Future') see B. Uwe Weller, *Maximilian Harden und die 'Zukunft'*, (Münster, 1969), *passim*.
40. George did not react to this request and published nothing in the *Zukunft*.
41. Flürscheim to George, October 4, 1894, HGC.

On Graphic Excellence

The wonderful book, *The Visual Display of Quantitative Information* (Cheshire, CT: Graphics Press, 1983) has recently had its 11th printing. It is by Edward R. Tufte, professor of political science and statistics at Yale University. It is mentioned here because it should be studied by every author, indeed, every teacher who has material to present. It is a beautiful example of the printer's art.