

Land Rent as a Factor in Society

DIE BODENRENTE IN RAUMWIRTSCHAFT UND RAUMPOLITIK (*Land Rent in "space economics" and "space politics"*) Dr. Martin Pfannschmidt, Published by Walter Dorn, Bremen, Germany, 230 pp. with appendix and 60 graphs, diagrams, maps and illustrations.

Reviewed by BENNETT CHALLIS

Henry George insisted that his system must be permitted to *grow* like a healthy plant — the gardener's sole duty being to water, cultivate and otherwise protect the baby sprout from enemies or accidents. Such essential caution and tender care are not to be confused, however, with doubt as to the vitality of the plant itself and a burning desire to pull the little thing up from time to time to make sure that the *roots* were growing.

Something of this latter tendency is revealed, I regret to say, in Herr Martin Pfannschmidt's *Die Bodenrente in Raumwirtschaft Und Raumpolitik*. The author writes, e.g. on page 14, lines 15-28:

"From the viewpoint of social finance, it is in the interest of the community to collect the ground rent which Society has created, to cover necessary federal, state, and municipal expenses, free private capital and labor income of families and business firms from taxation, and at the same time break up existing land monopoly while preventing the emergence of new. The fundamental problems of distribution here involved are intensified, however, by the capitalist's power to 'shuffle cards' of ground rent, wages, economic interest, and the entrepreneur's 'extra winnings' (as a gambler) until it is hard to tell which is which, and the concentrated monopolization of Land, Labor and Capital is assisted and concealed with one move."

As though Henry George had not repeatedly pointed out that land is the *only* factor of production which can in no wise be hidden, carried off, or mistaken for one of the others.

Any number of such half-hearted, apologetic recommendations of land value taxation might be cited. But with one other—and that a startling—example of unsound reasoning, together with a positive misstatement of fact, I trust that the "plaintiff's case may rest." Herr Pfannschmidt expresses himself, namely on pages 139-140, as follows:

"To what extent Land Value Taxation—in addition to a highly-to-be-desired liberation of investments from taxation—will be able to bring about a *general* tax reduction, is discussed in Part III, 241; a more exact estimate will only be possible, however, after the new evaluation of (all?) the land has been completed. All further demands and hopes of covering the needed government revenue with Land Value Taxation alone, i.e., of turning back to the Single Tax in its broader sense (which, with the few taxes needed in Henry George's lifetime, was still possible) must, on the contrary, in the light of greatly increased tax requirements, present and future, be relegated to the dreamland of Utopia."

This must certainly give one pause: How an economist of Herr Pfannschmidt's acumen and analytical ability could "fall" for this shopworn fallacy, is beyond my comprehension. The principles which served Henry George as foundation stones of his social-economic edifice-to-be were such as could stand the test of all times and places—eternally the same in a primitive as in a highly developed civilization. To claim, therefore, that the truths which Henry George demonstrated in 1879—culminating in the single tax as the necessary first step toward all other reforms—were irrefutable and binding *then*, but no longer so in 1954, is to contradict practically everything that Henry George lived and died for.