

Germany's Land Problem

ERICH ZINCKE of Hanover, Germany, who translated *Progress and Poverty* into German, and Mrs. Zincke, were warmly welcomed at the annual banquet. Mr. Zincke, when called upon to speak, said he could hardly believe he was really here, but he asked his wife to take snapshots of New York from the hotel terrace to prove it to himself.

Asked about the Georgist movement in Germany, he said it did not exist. There are people who know something about it and know there is a problem, but they are not a majority, and they are too isolated to get together and converse—nor is there any periodical in which they can explain their ideas.

Henry George is associated in Germany with free trade and land value taxation. Nobody will speak against the first, but there is little interest in the second. Ludwig Erhard, Minister for Economic Affairs, has had great success in introducing the free market policy, and the only thing he did, said Mr. Zincke, was to create purchasing power. It was apparent in a few weeks that he was successful, and in all Europe he is now the leading man favoring free trade.

A few people are beginning to see that it will be necessary to do something to abolish land speculation, but little progress has been made. The government has been preparing a federal building law to make increased housing available, and it will try to repeal rent control. This will be hard to do, however, since the controls have been in effect since the close of the first World War.

After the war it was thought that land speculation could be abolished by freezing land at the 1936 price which then became the official rate.

This has created a black market and a most curious impasse.

In any transfer of land two contracts must be made, one at the official rate, the other at the black market rate. The authorities know only the official price, so the records show only that and do not reflect the increased valuation in recent years. Those who buy land and those who sell cannot betray each other.

The buyer pays a land-acquiring tax and is relieved that it is based on the lower, or official price. If he told the real price he would be punished for "breaking the law." Ludwig Erhard, though he has no knowledge of Henry George, believes there would be enough land for all and that the price would regulate itself, if the free market policy was allowed to operate.

As Mr. Zincke pointed out, the average citizen comes in touch only once in his life with the land problem—when he wants to build a home for his family. When he sees the tremendous price he must pay he is very upset, and complains against every one who has anything to do with it. But after a few years, when the price has risen, he begins to think he was very smart to invest when he did. This creates two classes, and a wide area of conflict.

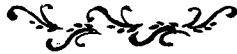
Following the international conference in Hanover last summer, Mr. Zincke tried to gather a group of people interested in land value taxation. He found that among those who had knowledge of it there were few who were fearless enough to be of help. Unless you find people who do not fear the devil, he said, you cannot get the ones who will go on. However a committee has been formed and it is hoped that from this beginning some sort of organization can later emerge.

It is very important, he believes, to have a majority in Parliament—only then can land value taxation be realized.

Mr. Zincke brought with him a surprising number of newspaper reviews of the newly translated *Progress and Poverty* and in translating a few of these briefly a remarkable divergence of opinion was evidenced.

One critic called the book old fashioned, suitable only for libraries in large cities. Several however seemed to regard the classic work as strik-

ingly modern, splendidly written, and one from which many contemporary economists could profit. "Seldom has a book on economics had such a long life as *Progress and Poverty*," wrote one reviewer, "It has had a great influence." Others believed the ideas were not generally accepted and had not been fully accepted anywhere. Another wrote, "if all books were written so well, the books about economics would be much more helpful." These judgments are a tribute to Erich Zincke who has created from the 1879 classic, a book for today.



Spoken Like a Statesman and a Gentleman

"All of us would benefit by attracting capital to our state to build and improve our cities," said Russel Conklin of Great Falls, to his constituents in Montana. "And the best way to attract new industry would be to abolish all personal property taxes."

Much is currently being said about broadening the tax base and relieving the tax burden on "property." But to an industrial concern considering Montana as a location for operations, he said, there is no more discouraging prospect than the high rate of taxation on machinery, equipment, materials and merchandise. One automobile dealer recently instructed a salesman to take five or six cars home until after the assessor had been around. It's like driving the cows over the mountain to escape the tax collector.

Let's welcome new industries instead of pouncing on them with heavy taxes as soon as they arrive, the former mayor urged. They will pay for the use of our land, rivers and natural resources—should we then penalize them for investing their capital in improvements to the community? Wouldn't it be desirable to have productive factories replacing fire traps on vacant or run-down lots and acreages near community centers or close to highways? But what national company wants to invest in a new factory if we plan to tax them heavily for building it?

"Where would we get the money to replace the lost taxes," he is sometimes asked.

"The answer," he replies, "is so simple it is almost startling. From the land, of course. That is our heritage and our common property. It is God-given and belongs equally to all. Titles remain as they are vested in the individual who leases the land, but the rent of the land would be paid to the government, not to speculators and absentee owners. Land speculators would rapidly improve their land or dispose of it to somebody who would."

Taxation should never be a burden on production, but rather an incentive to produce, he continued. Let's make modern and attractive buildings profitable by making them free of taxes. Watch Montana boom when we wake up to these simple facts.

Does anyone know a more realistic way to create a "better business climate," than the method suggested by Russel Conklin, who is running for the State Legislature.