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## Hungary and Bulgaria

By Ferdinand Merö and Boris Guduleff

### HUNGARY

As in other countries, there were in Hungary some forerunners of the idea of taxing land values long before the time of Henry George. Such were, for instance, John Török, Secretary of the Union of Ground Proprietors ; Charles Kerkápoly, professor at the University and Minister of Finances ; and the Emperor Joseph II (about the year of 1789), influenced by the physiocrats of his time.

The philosophy of Henry George was introduced to Hungary by the late Robert Braun, who translated into Hungarian *Progress and Poverty* and other works of the Prophet of San Francisco. These editions are, however, exhausted, and hardly any copy of them is to be seen in booksellers' windows.

The "cadastral" land tax actually in force in Hungary takes into account only the physical and fertility differences of the ground without any regard to its position in relation to the centres of population ; and it has the further fault that this classification and also the "cadastral" yield were fixed once and for ever. Besides—a contradiction—the lands are classified also according to the kinds of actual use, meadows, pastures, vineyards, etc. Higher cultivation means higher taxes, so that if the land is put to a better use the cultivator is penalized, whereas if the land is put to an inferior use, the owner is privileged.

This "cadastral" land tax makes possible discrimination in favour of the large estates and against the small ones. The complicated and uncontrollable classification makes possible if not direct corruption, at least a one-sided preference.

Recently a movement has started not with Georgeistic slogan, but promoted by the Georgeists of this country under the leadership of

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Dr Julius J. Pikler, for the purpose of converting this "cadastral" land tax into a land-value tax. Also the town sites (built on or fit to be built on) should be taxed, according to this movement, not on their actual yield but on their market value and in connection with that the rate of tax on the actual rent income should be correspondingly reduced. In the years 1917 to 1919 Budapest and the bigger towns of the country were successful in carrying such an uncompromised site value rate at  $\frac{1}{2}$  per cent per annum, but the so-called "right" parties suspended this tax after the war.

The consequence of this was the creation of new taxes levied on production and consumption and the raising of the rate of the existing excises.

Dr Pikler began his practical work for the movement in 1915. He is well known to Georgeists by his splendid addresses at the Oxford and Copenhagen Conferences in 1923 and 1926. He is the Hungarian representative of the International Union's Executive Committee and paid visits to the United Committee in London several times. His activity was not only confined to Hungary. In 1920 he persuaded the Lord Mayor of Vienna in favour of an uncompromised site value rating, and induced the Bremen County Council to construct a land value register as a preparatory step to introducing the rating of site values. The land value register has been in fact accomplished; further steps have, however, failed in consequence of the political upheavals that have since arisen in those countries.

Besides the uncompromised site value rating acts in the city of Budapest and in other big towns of this country, it was the result of Pikler's endeavour that he united the Georgeists in Hungary, many of whom are political and economical writers. For twenty years these people have held their friendly meetings once a week under Pikler's leadership.

The post-war upheavals helped to power the so-called "right" forces in Hungary. These have cancelled not only the results hitherto attained, but have—at least for the time being—left also no hope for any progress in this direction. Some very modest results are still to be mentioned. On the occasion of a plan for a new bridge over the Danube, Pikler worked out a memorandum suggesting the continuous recording of land values in a fairly large territory around the new bridge, and the levy of a site value rate of 2 per cent yearly upon the difference between the site value before and after the building of the bridge. This proposal was accepted by the Board of Public Works and the then Prime Minister, Count Stephen Bethlen, as well; it has been frustrated, however, by the passive resistance of the Ministry of Finances.

Another result is that according to the Town Planning Act carried recently in the Hungarian Parliament, the expenses of public works in the towns, instead of being met by increased taxes may be covered either by betterment, or by land values rating, and the towns are obliged to introduce a land value register of their planned areas.

Finally, the Hungarian Georgeists have helped to popularise the idea that the lands owned by the communities and available for private occupation and use should not be alienated by sale but should be treated as "rental goods" charged with a rent of  $2\frac{1}{2}$ -3 per cent per annum of the actual land value. These are some of the efforts made to spread an understanding of the Henry George principle and policy.

Two things are only too clear to the Hungarian Georgeists. First that these times grown mad are the time for anything but the idea of true justice and true liberty; second, that nevertheless there is nothing but true justice and true liberty that is worthy to occupy the mind of thinking man. We are also convinced that no other philosophy than that of Henry George merits the name of the philosophy of true justice and true liberty.

FERDINAND MERÖ.

### BULGARIA

Bulgaria is a country in which practically every land owner cultivates his own land, and where almost every family, especially in the villages, possesses its own home.

According to the census of 1926, of the whole land under cultivation 94.3 per cent was the property of those who till it, and only 5.7 per cent was rented (the corresponding percentage for Denmark in 1918 was 7.3). It is to be remarked too that the renting of land in Bulgaria takes place directly between the owner and the tenant, that is, without the agency of a third person. Houseless people, that is, those who do not possess any land and live in hired lodgings, are to be found only in the towns, and their number increases in proportion to the size of the town. But even in the towns the number of the tenants is far less than the number of those possessing their own houses.

Under the long yoke of the Turks, from which Bulgaria freed herself in 1878, the number of landless peasants was much greater. Large tracts of the most fertile land were in possession of Turkish landlords. Immediately after the war of independence these large properties, which were abandoned by the fleeing Turks, were distributed against payment among those formerly occupied on them as labourers or metayers.

After the war of 1914-18 a new parcelling out of the large landed properties took place, in so far as such existed, with a view to providing land for the landless or smallholders. Of this post-war reform I shall speak later on.

As Bulgaria is first and foremost an agricultural country—85 per cent of its population being engaged in the different fields of agriculture—and as every land owner cultivates his own piece of land, it is not difficult to realize that territorial landlordism in Bulgaria is on a very small scale. Of the 754,207 farmers, 734,191, according to the census of 1926, cultivated their own and partly hired land, and only 20,013, i.e., 2.65 per cent were pure tenants.



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The distribution of landed property in Bulgaria according to size and to the number of land holders was, at the end of 1926, as follows :—

Size of the landed property in hectares	Number of the land-holders	Per-centage	Area of the holdings in hectares	Per-centage
Up to 2 hectares ... ..	176,741	24.1	179,761	3.8
From 2 to 10 hectares ...	447,782	61.0	2,332,333	49.7
From 10 to 30 hectares ...	104,902	14.3	1,584,624	33.8
30 hectares and more ...	4,766	0.6	595,541	12.7
Total ... ..	734,191	100	4,692,259	100

The tenants, numbering 20,013, belong mostly to the first and second group, i.e., the holdings up to 2 hectares or from 2 to 10 hectares.

There exist no figures on the distribution of property according to value, for no valuation is made for the purposes of taxation.

The number of holders given in the schedule above corresponds almost entirely to the number of proprietors of landed property of each group. The landowners who let their property on lease generally possess only a little land, which they lease generally only to one person. Accordingly the entire number of the holders of landed property, 754,207, viz., 734,191 proprietors and 20,013 tenants, is a little more than the number of landowners.

In connection with the distribution of the landed property in Bulgaria, I must here add that notwithstanding the land reform introduced after the war of 1914-18, which aimed at providing land to the landless and the crofters by taking it from the state and the parishes, the latter, together with the schools and some social funds possess even to-day a good deal of land. On the other hand, the parishes and especially the State hold 80 per cent of the forests, which cover the many mountains and some of the valleys of our country. The communal and state woods are common property, of which everybody can make use on paying a small fee.

Moreover, all mineral riches hidden in the earth, as well as all mineral waters, springs and rivers are, according to Bulgarian law, State property. Accordingly, as soon as deposits of ore or of valuable minerals are found in some place, if the latter is private property, the State expropriates it, paying the proprietor the market value of the surface.

The State then begins to exploit the mine itself or lets it to a concessionaire. In this way the State is exploiting, for instance, the biggest coal mine of the country, and together with some parishes to whom it has conceded the right of property, the State possesses all the mineral waters, in which Bulgaria abounds. The law concerning "Water Syndicates," passed after the war, gives to these co-operative societies

the preference in the use of the water of rivers for the purposes of irrigation or the production of electricity. The water syndicates are co-operative societies, members of which can be only people whose fields are to be watered by a certain river, or the inhabitants of parishes who are to be provided with the electricity generated by the water-force of the river crossing the parishes in question. Thus the use of the water of rivers is secured for all.

Notwithstanding the fact that Bulgaria holds the foremost place among other countries in the distribution of the land holdings, in the narrow sense of the word, and of the property in land in the sense Henry George gives to the word, in respect of taxation she is very backward. The Bulgarian statesmen, wishing to conceal from the taxpayers the great burden of taxation and the large part it takes from their but limited incomes, resort to indirect taxes, the latter making seven-eighths of the entire taxation. Of the whole state budget in 1937, amounting to 4,518,400,000 leva, 3,808,400,000 leva, namely, 84 per cent, were collected in the form of tolls, duties and taxes on sugar, salt, bread, tobacco, alcohol, etc., and only 710,000,000 leva by means of direct taxation.

Since 1936 the State ceded to the parishes the right of collecting the taxes on landed property and buildings. The State now receives only 15 per cent of the money paid in.

The revenue of the parishes, collected in the form of various taxes and duties, amounted to 1,060,512,000 leva, 14·7 per cent of which, namely, 155,396,000 leva, come from taxes and duties on consumption.

As already mentioned, the right of collecting taxes on immovable property was transferred to the parishes. The tax on buildings amounts to 2·5 per cent of the value of each *covered, uncovered or unused plot* within the boundaries of the village, the percentage being calculated on the basis of the market value of the plot and of the building on it. Accordingly the land value and the improvements made on the land are taxed equally. On the other hand, the taxing of the unused and uncovered lands on an equal footing with the covered ones makes people build upon them.

A tax is levied upon every field, meadow, vineyard, orchard, vegetable garden and other landed properties, *regardless of the fact whether these properties are cultivated and used at all or not*. Landed properties are taxed according to their size, the quality of their soil, their geographical position, i.e., whether they are situated in a plain, a hilly or a mountainous region, and the thing they are planted or sown with. It is clear, then, that a tax is levied not only on the land value, but also on the improvements made on the land.

In the year 1937 the parishes collected :—

	Leva
From taxes on landed property ... ..	277,586,000
From taxes on buildings ... ..	113,820,000
Together, with taxes from immovable property ... ..	391,406,000

## Bulgaria

After the war of 1914-18, as already mentioned, a land reform was introduced in Bulgaria. The aim of this reform was to provide land to the peasants who had either too little or no land at all, as well as building land to the houseless. For this purpose the lands of the big landowners were alienated, against payment, leaving them only 30 hectares each and as much to every male heir. To the landlords whose main occupation was not agriculture was left at most 30 hectares irrespective of the number of their male heirs. The people provided with land were required to refund to the State, on long terms, the price the State had paid to the former proprietors.

But as there were hardly any big landed properties in Bulgaria, the lands secured by means of this reform were but few. The fund for providing land to the landless was therefore obliged to resort to the property of the State and the parishes. Accordingly large tracts of communal meadow lands were given to the landless in the country to be turned into arable land, and others in the towns to be built upon. In both cases the people benefited by the reform were required to pay to the State or the parishes the lands given them at very low rates, spread over periods up to 50 years.

By this means thousands of landless peasants were provided with lands of from 3 to 50 hectares, and many crofters were enabled to augment their landed property to the same extent. By this means, too, many homeless people in several towns and villages were enabled to build themselves cheap houses.

The negative side of this reform, however, is that it transferred into private hands a great deal of common property without being able to provide a permanent solution for the land question. Crofters, landless and houseless people are still to be found in Bulgaria, but it is no longer possible to help them in the same way. The houseless of the present day live in the houses of former houseless, who, profiting by the rise of land value, exact high rents from their lodgers. And also not a few landless people work at present the lands given formerly to crofters and landless.

Moreover, having deprived themselves of the possibility of collecting the revenue from the lands distributed, the parishes have to look for new resources, and they resort to higher indirect taxes, whereby they only worsen the state of the poorer classes of society.

Although the official economists in Bulgaria do not admit the existence of any land question in our country, seeing that the land is comparatively equally divided among the people, the ideas of Henry George have found followers and supporters with us too.

The first promoters of these ideas were the works of Leo Tolstoy. In 1902 the monthly magazine *Novo Slovo*, dedicated to the propagation of Tolstoy's teachings, published Tolstoy's article *To the Working People*, in which he treats of the land question and recommends Henry George's solution of it. Later on, in the same periodical appeared several articles



on Henry George and his teaching. Up to 1914 we had succeeded only in publishing the addresses by Henry George in Bulgarian on *The Crime of Poverty*, *Thy Kingdom Come* and *Thou Shalt not Steal*.

But after the war Henry George's followers in Bulgaria, most of whom are Tolstoyans, manifested a greater activity. In Plovdiv, the largest Bulgarian town after Sofia, a "Fund Henry George" was established with the view of helping towards a complete edition of Henry George's works in Bulgarian, of printing periodical publications, and of organizing meetings and lectures. With the aid of this fund it was possible to publish *The Land Question*, *The Labour Question* (an abridgement of George's *Condition of Labour*), and *Social Problems*.

In 1924 a number of the founders of the "Fund Henry George" started the publication of the weekly paper *Svoboda* ("Freedom"), with the object of treating actual questions and events in the light of Tolstoy's teaching. In this paper there used to appear regularly articles in favour of Henry George's reform, as well as information on the Georgeist movement of other countries. The same task is continued at present by its successor the weekly *Nov Jivot*.

In 1932 Henry George's capital work *Progress and Poverty*, translated by Yordan Kovatchev, was published for the first time in Bulgarian. Its publication gained many new followers, some of whom became active advocates of the ideas of Henry George. In 1934 a group of new and old Georgeists started the fortnightly paper *Pravda* ("Justice"), which aimed at explaining all economic and financial problems in the light of George's teaching. This paper appeared for two years and then stopped.

Other works on Land Value Taxation published in Bulgarian are : *Land Value*, by V. Prečy; *Henry George, His Life and Ideas*, by A. Najivina and S. D. Nicolaev, and *The Struggle Against Poverty*, by Y. Kovatchev.

At present the propagation of Henry George's teaching is greatly hindered by the censorship of the Press and of all kinds of publications, as well as by the great restrictions respecting the organization of lectures and calling meetings. As illustration of the tremendous difficulties the dissemination of Henry George's ideas meets with at present in Bulgaria, the following incident may serve : A year and a half ago during a search in the houses in a provincial town for arms and communist literature, in the room of a grammar-school boy, the soldiers found and confiscated a copy of the pamphlet *In Strife against Poverty*, by Mr Kovatcheff, the translator of *Progress and Poverty*, and of other works of Henry George. In this booklet Mr Kovatcheff advocates the taxation of land values and the abolition of all other direct and indirect taxes, by which means he hopes to do away with poverty. The manuscript of the pamphlet had been previously examined by the official censor, and it was published with several abbreviations. The booklet was printed in 4,000 copies and

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sold off in a very short time. But notwithstanding the legal character of the publication, the boy in question, at the request of the commander of the local garrison, was expelled for ever from school "for having distributed communist literature."

It is clear then that under the prevailing political conditions in Bulgaria one cannot do much for the dissemination of ideas, which here are treated as Bolshevism, and which in Bolshevik Russia are damned as reactionary and bourgeois.

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