

cate that rent actually increases as it is tapped for public revenue.

We can conclude by agreeing that *Theory and Measurement of Rent* is an important scholarly contribution to the study of rent; and we look forward to more such serious discussions by the academic world.

New Book on Liberation of the German Economy

Reviewed by PAVLOS GIANNELIAS

Liberation of the Economy (Die Entfesselung der Wirtschaft) is the title of an important Georgist work by Heinrich Richard just published in Germany. In a preface to this book Count Schwerin von Krosigk refers to it as a contribution worthy of consideration by all German taxpayers, and states that even a partial application of the land value tax reform, accompanied by abolition of taxes detrimental to the economy, would in a sensible way, simplify the tax system.

Taxes must unite the right of the state with the rights of citizens without causing damage, writes the author. He does not criticize the amount of the taxes nor their use, but limits his study to the most useful way of raising them. Unlike most of the economists and legislators he distinguishes between land and capital and says this is the unavoidable condition for understanding the precept contained in one single phrase epitomizing the economic philosophy of Henry George, "abolish all taxation save that upon land values." This principle which runs all through the book, must, he says, be followed literally.

The land is essential for the existence of every creature as a dwelling place and means of livelihood, he points out, while capital is the purveyor of material goods. The capitalist is a benefactor insofar as he is not a land monopolist, and, echoing George, he states that everyone may be allowed

to get rich so long as others are not deterred from doing the same.

The science of the single tax on land values is presented clearly, and for added emphasis, diagrams and the statements and criticisms of numerous influential economists are included. Insofar as the government holds onto present taxes, it must suffer the consequences. Insofar as it takes in taxes a part of the property its citizens have acquired by their own labor, it cannot estimate the full value of properties, since repressive measures keep down the value of land.

Another aspect that is often neglected, although it seems quite obvious, is the distinction between the full rent that could be earned on a parcel of land owing to its fertility, use conditions, location and other advantages, if there were no restrictions; and the net rent that the landowner keeps after a part has been removed by obvious and disguised taxes, and after a part of the possible full land rent has been hampered by the threat of higher taxes.

The full land rent determines the real value of the land, but the part remaining to the landowner determines the price of land. The land rent created by the activity of society would naturally furnish the revenue that society needs. Among the most important economists the term "value" is used for two things as different as value and price. The proposed tax reform would cause land *value* to increase, but the *price* would tend to fall until a minimum was reached.

Mr. Richard presents mathematical evidence to prove the failure of all such misguided reforms as price ceilings, redistribution of land, and even land value taxation without abolition of other taxes; whereas the successes attending the true Georgist tax reform are likewise proven. In the final chapter he gives directives for the application of this reform in the German Federal Republic.