

# THE SINGLE TAX REVIEW

A Record of the Progress of Single Tax and Tax Reform  
Throughout the World.

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## \* LAND REFORM IN GERMANY.

(For the Review.)

By THOMAS C. HALL.

Ten years ago the outlook for any substantial reform of the land taxation was so poor that even enthusiastic advocates well nigh despaired and considered seriously the temporary disbanding of the society that had the matter in charge. To-day the progress is so rapid that it is almost impossible to follow from week to week the acceptance of various measures connected with the platform of the Land reformers. The rapid rise of the city and the industrial "extension of the land by intension" has so inflated land values that those who had taxation at heart were compelled to consider reforms in the taxation methods which had been based on autocratic agrarian needs. The whole subject of taxation in Germany as elsewhere is rapt in such technical obscurity that no two authorities can be found to give the same report on the subject.

It is the interest of a ruler or a ruling class to hide the exactions of taxation as much as possible. All kinds of indirect methods, tariff, excise, license, monopoly, etc. are therefore resorted to. At the same time in Germany there are great forces making for democracy. The free city of Germany has never been democratic, but incidentally it has made strongly for democracy. To-day it is the relatively free and self-governing German city that has entered most vigorously on the reform of landlord and speculative exactions. The central

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\* We print this article by Mr. Thomas Hall because it is in the main a fair statement of the progress of the land reform movement in Germany. But the time has come to point out the limitations of that movement. There is no question that the so-called Single Tax agitation in that country has for the most part been emasculated—that it is a movement of the moderates, approximating in a very small degree the movement in this country and Great Britain. This is the testimony of such acute first hand observers as Gustave Büscher, of Switzerland, and Johan Hansson, of Sweden, and it is borne out by such investigation as the REVIEW has been able to give it.

Therefore too large an inference must not be drawn from some of the statements in the preceding article. *Gemeinen Wert* tax is hardly a tax on site value; it is no special land tax at all: it is a tax on real estate, and is similar to New York city's tax, though only about one third as great. Our contributor is also in error regarding the *Umsatz Steuer* and the *Zuwachsteuer* as being different names for the same thing. The *Umsatz Steuer* is a mere

government has viewed the movement with a passive complacency to say the least. In part because the land reformers for the most part are anti-Socialistic, in part because the "newly rich" land speculator is abhorred by the older land holding ruling class, in part because the tax works well, and is an automatic piece of taxation machinery. Moreover, as modified in Germany the Single Tax harks back to older traditions of German life. (*Die Allemende in ihrer Sozialen Bedeutung*, by Professor Dr. K. Bucher.)

As might be expected the machinery of the Single Tax and even some of its ideals have been seriously modified in German practice. The underlying thought is that of John Stuart Mill and Henry George, i. e. that the communal increment should be recovered for communal needs. The first step therefore advocated by the land reform platform is the valuation of land according to the potential rather than the actual use value (*Gemeinen Wert*). The site value and not the actual use to which the land is put thus becomes the determining element. Hundreds of towns have at last seen this gold mine at the foot of the community and have in response to the "Boden reform" agitation accepted this as a principle. It bids fair in the near future to be the universal principle governing taxation. As local authorities determine within certain broad limits the method of local taxation the way is open for wide acceptance of the reform. It also happens that German towns are more given to various forms of commercial activity than American communities, and hence they are themselves large landlords. Many of them are constantly seeking cheap land. The land owner is asked when he undervalues it to value his own land, and is asked "would you sell it at that price?"

The effect has in some instances been little short of marvelous in establishing sane valuation. This need for holding and using land led to the adoption in the Code for the Empire (*Bürgerliches Gesetzbuch*) for provisions enabling towns to lease their lands under fair arrangements with the lessees for taking over the improvements at the expiration of the lease. Frankfurt has made splendid use of this, and is rapidly becoming, it is said, the largest landlord in Germany. Thus ground rents go into the pockets of the community whose labor makes them valuable and not into the pockets of drones, who "toil not neither do they spin." A still farther assertion of the com-

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registration or transfer tax of a small per centage; the *Zuwachsteuer* is a tax on the increased values of land whenever land is sold at an advance, as Mr. Hall informs us. Were the *Zuwachsteuer* an annual tax it would be, if not in line with the philosophy of Henry George, at least with John Stuart Mill's timidly hazarded suggestion that future values might be recovered for the use of the community. Beyond the fact that the revenue so derived may aid in the abolition or reduction of more onerous taxes on industry it may well be doubted if it has any social effect.

The REVIEW deems it advisable thus to indicate what are the limitations of the German land reform movement. That much progress has been made is true; but it is also true that the movement has a long way yet to travel before it has caught up with the British or the American procession and that many of the laws advocated or secured by the boden reformers of that country are either halting, halfway measures, or—like the *Zuwachsteuer*—are useless or nearly so, and tend to confuse the essential principle.—*Editor Single Tax Review*.

munal interest in these real estate increments is the tax upon increased values of land whenever the land is sold at an advance. In a suburb of Berlin, for example, this tax called the "*Umsatz Steuer*" or "*Zuwachsteuer*" is in operation. The little town is Wilmersdorf, and in 1894 had a total income from ground rent of 10,735 marks. In 1895 the taxation according to the common value was introduced, together with an increment tax on all transfers of land. The result was in 1901 that the town raised the sum of 621,000 marks from ground rent, and 270,000 marks from transfer tax. This was in spite of the fact that the tax is only 2 per cent. on ground rent and one per cent. on transfers. This enabled Wilmersdorf to add schools, public parks, and such other local improvements as to entirely change the character of the town and make it a much sought town of homes. In Prussia alone 220 towns and country districts accepted the tax on site value, and among these are such important places as Königsberg, Memel, Charlottenburg, Spandau, Stettin, Breslau, Erfurt, Magdeburg, Kiel, Dortmund, Marburg, Weisbaden, Archen, Bonn, Coblenz, Coln, Dusseldorf, Essen. Since 1905 the progress has been especially rapid, so marked has been the success of the method.

As with us, so in German towns the values that arose from public improvements were gobbled up by selfish speculators who knew beforehand of these intended changes. Now German towns are beginning to acquire the land thus improved, and by advantageous leases under the provisions of Section 1012-1017 of the Imperial Code (*Das Bürgerliche Gesetzbuch*) are becoming the heirs themselves of the values they create. The proposed canals that are to link the water highways of Germany will produce land values of undreamed proportions. The land reformers are now engaged in a fierce agitation to secure these values to the State instead of squandering them on rich real estate speculators.

Without question the beauty and order of German towns is in large degree due to the great and increasing exercise by the town of the rights of communal control. Such reckless franchise wastes as we have been guilty of are unknown in Germany. At the same time, real estate speculation has done great harm, and none too soon has the Single Tax movement been begun. The movement is held by the indefatigable Adolf Damaschke, whose familiarity with the works of Henry George appears on every hand, and it numbers now over a quarter of a million paying members. The principal organ is "*Bodenreform*," appearing every two weeks, Berlin Lessing strasse No. 11, and has been published for seventeen years. But there is also a "*Jahrbuch der Boden Reform*" which appears quarterly, and whose contents are on the highest plane of political economic thinking. Such men as Wagner of Berlin have given the movement unwavering support, and the brilliant success of the plan in the new Kiantshou colony has made the discussion of the subject necessary in every class room of political economy in Germany.

There is an excellent federation of town government in Germany, which undertakes expositions of town improvements, and has regular meetings and discussions of all common interests. Here also the Single Tax advocate has

had his best chance and whole towns have officially become members of the Single Tax (Boden Reform) Association.

The literature is now enormous. A few things are especially worth noting as "*Wie die Land ordnung von Kiautschow entstand*," by Admiralitätsrat Dr. Schrameier, and Adolf Wagner's "*Die finanzielle Mitbeteiligung der Gemeinden an Kulterellen Staatseinrichtungen*," Berlin, 1904, and the work of Damaschke "*Die Boden Reform*," Berlin, which has passed through many editions.

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## NATIONAL SINGLE TAX CONFERENCE.

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(COMPILED FROM THE OFFICIAL MINUTES OF JOSEPH DANA MILLER, SECRETARY OF THE CONFERENCE.)

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Hours before the first day's session of the two days' conference that resulted in the formation of a National Single Tax League was called to order, introductions and handshakings were in progress in the lobbies and parlor of the Plaza Assembly Rooms, on East 59th street, this city, on the morning of Monday, Nov. 18th. Though the morning session had been set for 10 A. M. many of the visiting members, and indeed a number of resident Single Taxers, were late in putting in an appearance, so that it was 11:45 when Chairman Ross opened the meeting in a short speech and reminded the members of the conference of the serious business that had called them together.

It was an inspiring moment. Here for the first time in fourteen years were met in a national gathering a group of those who in season and out had upborne the banner of industrial freedom. In numbers the conference was far from being representative of our cause. But there were present delegates whose names were familiar to us as long ago as the beginnings of the movement, and there were a number of the younger spirits. California, Florida, Ohio, Illinois, Alabama, Maryland, Connecticut, Pennsylvania, Massachusetts, Washington, D. C., and Canada had sent representatives. Sweden, that progressive little democracy under an anomalous monarchy, where Single Tax principles are beginning to be talked about, had sent Johan Hansson, who sat an intently interested spectator of one phase of the movement whose progress he has watched in so many countries. There were no regrets at the numerically small attendance, which was much increased on the second day, for all present felt the inspiration of the occasion, which was not so much an assembling of Single Taxers as a business meeting, so to speak, of the workers in the cause who comprise the advance guard of the great army.

The proceedings opened with the nomination by John J. Murphy of Mr. Joseph Dana Miller as permanent secretary of the conference. Mr. Miller was unanimously chosen. On nomination of Hon. Robert Baker, Senator Howe, of