

German "Single-Track Economics"

DURING the international conference in Hanover, Germany in 1959, Erich Zincke, translator of *Progress and Poverty* into German, said he heard about the services of the professional economists in American banks and businesses, whose interests were concerned with current production only. As a result it was the businessman who must look into the future and try to foresee the coming development.

Speaking at the closing banquet of the Henry George School conference in Detroit, Mr. Zincke said in Germany such economists are called "economics technicians," and he told of conversations with one of these who had just left the university. Questions as to whether land is a factor of production as distinguished from capital or wealth, seemed irrelevant to him. "In practice," the young man said, "land may be bought and sold and must therefore be regarded as a commodity or as capital or wealth—at least, as a value expressed in figures. Wages, too, must be expressed in figures. Thus the whole economic life is expressed in figures, curves, equations, etc. of different kinds. All the economic problems that occur in practice thus may be solved in a mathematical manner.

"Our task," he continued, "is not to improve the world, but to show how trade and commerce may be best-managed in our world as it is. All the questions Henry George touches are political or social problems in which we, from a professional point of view, are not interested. Most of us hate political questions and are not at all inclined to spend any brain power on

fruitless problems that touch only the fringe of our profession. Whether the political conditions—i.e., the present laws concerning the economy—are this way or that, our task is to carry through the most efficient management of said economy. That is why we call ourselves 'economics technicians.'"

The German coal industry is an example of how little one can rely on the advice of such technicians, where planning for the future is concerned.

After the reformation of the currency in Germany in 1948, the coal industry could boast of having the whole of the German energy potential in its hands. It was announced that the production would not suffice for all, furthermore coal had to be exported at a low price to certain countries and had to be replaced by large imports at a high price. The shortage continued and people were incredulous, because, after the inflation, everything else had become available again. Gradually private families followed the lead of smaller industries, and turned to gas or oil, though the change involved a considerable investment. New buildings with central heating were provided with oil heat, and as oil heat has many advantages over coal or coke, its use increased.

When, after the last election, the coal board raised the coal prices, the coal mounds began to grow. Nevertheless the process of substituting oil for coal did not stop. Perhaps this was inevitable, but the transition would have been a very slow one had it not been for the propaganda issued by the advisers of the coal board, whose advertising favored their own competitors. They have now made a belated

change in their propaganda, recommending coal as the only reasonable source of heat in Germany.

It may be that situations of this kind have been responsible for the increased number of articles appearing from time to time against "the one-track economists." If such criticisms continue the universities will be represented as "sinking down to the rank of special schools for the education of specialists." And this is a reproach no university would like to hear. Thus it seems certain, Mr. Zincke believed, that the study courses of economics will undergo a fundamental reform in the future. This means that classical authors, among them Henry George, will be read and appreciated again.

This change of opinion may also be seen in the treatment of the term "land," he predicted. In the long negotiations about the federal building law the German lawgivers consistently stuck to the idea that land cannot, like other commercial goods, be subjected to the rules of supply and demand—that on the contrary land ownership implies a duty towards society. It seems, he said, that the legislators and the West German government are succeeding in putting this concept across. The new federal building law contains, beside a lot of other measures, a graduated building-land tax, which, though it is not the general land value tax we aim at, lies in the direction we are trying to go.



CANADIAN COMMITTEE SUGGESTS TESTING LAND VALUE TAXATION IN THE PROVINCES

A committee of inquiry was appointed by the Royal Architectural Institute of Canada at its annual meeting in 1959. It was financed largely by the Central Mortgage and Housing Corporation, Canada's National Housing Authority. Since the war this corporation has financed and directed the erection of some 1,250,000 dwellings of various kinds. They are now seeking, through the establishment of this committee, to obtain valuable new information.

The committee has held open sessions in the larger cities across Canada and has investigated a wide range of subjects. Its members have also seen the report of the International Research Committee on Real Estate Taxation entitled "A Graphic Summary of Municipal Improvement and Finance: As Affected by the Untaxing of Improvement and the Taxation of Land Values," by H. Bronson Cowan.

While this committee claims it has no way of testing the claims made in the above Graphic Summary regarding the taxation of urban real property according to the valuation on the site only, without regard to the value of the structures and improvements, it is assumed possible that this may encourage building improvements and discourage both the retention of run-down buildings on valuable sites and the speculative holding of vacant sites, and that it may generally reduce the tax burden on residential areas by increasing it on central area uses.

The Committee of Inquiry reports that it is certain the Provinces can, at no great expense, ascertain for Canadian conditions the benefits or disadvantages of a general change from taxes levied on land and improvements to a system of real property tax on site values only. "The difference in these assessment methods clearly has great import for the quality of the huge residential areas we shall have to create and maintain in the years before us," concludes the report.