

HENRY GEORGE'S TEACHING AND THE CRISIS

Address by F. C. R. Douglas, L.C.C., at the New York Conference and Centenary, September 2nd

A VISIT to the United States is a remarkable experience, but I count it a double pleasure to come to your shores in this year which marks the centenary of the birth of the great American economist and philosopher, Henry George. In England we flatter ourselves that we supplied you with the basis of your legal code, and that our parliamentary system was the foundation upon which you have built your republican form of government. But if you owe us any debt in these respects, you have more than repaid it by the new developments and the new thoughts which you have grafted onto old ideas.

Most of all we have to thank you for the social and economic principles developed by Henry George which have profoundly modified political evolution not merely in Great Britain but in all the British Colonies and Dominions. At the time when the radical movement in our country appeared to have exhausted itself after the sweeping away of the corn laws, the publication of *Progress and Poverty* and other writings of Henry George gave a new direction and a fresh impulse to political thought and effort. The possibility opened before us of supplementing political freedom by economic freedom, which would extend the production of wealth and cause it to be more equally distributed. We learned from your great thinker, and the practical illustrations he gave from the United States, that it was not sufficient to sweep away political privilege, but that economic privilege must also be abolished.

If the formative influence on English political thought had been that of Karl Marx as it was to a great extent on the Continent, instead of that of Henry George, the political development not only of England but of the whole English-speaking world would have been entirely different. It is that influence of Henry George which has preserved alive the ideal of individual liberty, which has caused us to seek a middle path between complete anarchy and the complete subordination of all human activity to the control of the State.

In these times when freedom is menaced not merely by totalitarian ideologies from without, but also by the pressure of powerful vested interests within our countries seeking to use political power for private ends, it behoves us to keep alight this torch of freedom.

Europe is now embarked on war. The immediate causes are known to all of you, and I shall not pause to discuss them. The ultimate causes have their roots deep in our past history. The evolution of economic life has proceeded at an enormous pace during the last century. Adam Smith wrote his *Wealth of Nations* at the commencement of the industrial and manufacturing era. With that profound instinct for essentials which characterizes his great work, he opens it by pointing out the enormous increase in the power of producing wealth which was rendered possible by the division of labour and the interchange of products of specialized industry.

That improvement of productive technique has proceeded at an ever-increasing pace. Division of labour is no longer a local matter confined to one country; it has become world-wide. The farmer, the manufacturer and the trader have been devising day after day new means of satisfying more and more abundantly the needs of mankind.

Wool grown in Australia is woven by the mills of Yorkshire into cloth from which garments are made in the United States. The grapefruit of Florida is eaten

on the breakfast table in England and your petrol drives our motor cars.

But neither the statesmen nor the peoples appear to have understood the significance of this development. Governments in every country have opposed technological progress by erecting barriers against the exchange of the goods produced by their citizens. Since 1914 the barriers between nations have been raised, new frontiers were created by the peace treaties, and as fast as they were created the advantages of political liberty were cancelled by the erection of tariff walls isolating State from State.

Since the world-wide economic depression of 1929 the situation has been immensely worsened. Instead of realizing that the economic depression was due to cessation of production, the statesmen of Europe and America have imposed fresh obstacles to trade and to production. Tariffs have been increased, monetary and exchange restrictions imposed, and quotas and prohibitions have prevented exchange.

It is in this obstruction of trade and production that we must seek one of the fundamental and, indeed, the main cause of the growing tension in international relations which is culminating in the crisis through which we are now passing. The peoples of each country have been impoverished by what the rulers of each nation have done, and they have cast the blame not upon their own failure to pursue a wise economic policy but upon their neighbours.

Let me give one simple illustration which is most pertinent to our situation to-day. When the Polish State was created in the post-war settlement, those who framed the peace treaties saw that its economic life and hence its political life would be imperilled without access to the sea. That access was given by means of the Corridor and the Free City of Danzig. If Germany, Poland and other countries had realized that the complete abolition of tariffs and complete freedom of transit of goods and people were a necessity of economic life, and had been prepared to practise that, it would have been a matter of small importance who exercised political control over the Corridor.

Time after time the Economic Committee of the League of Nations has pointed to the need for more freedom of trade. Nations have not acted upon that advice. But the experts who gave this wise advice failed to realize that for its conduct of social affairs each government needs revenue. The abolition of tariffs connotes the need of alternative and better sources of revenue.

Here I return to Henry George's contribution to economic and political thought. He pointed out with marvellous clearness how the development of economic life adds to the value of the one thing which is necessary to human life—the land which is the source of all material wealth. He pointed out how land, which is limited in quantity, must grow in value; that the value of land is not the result of individual effort but is due to co-operation in economic life; to the specialization and division of labour in production which has made possible the enormous increase in the production of wealth that has taken place in our era. He showed that in using the value of land for public revenue we can sweep away the tariffs upon exchange and the taxes upon production, both of which impede the production of wealth. He demonstrated with unrivalled power and cogency how production will be stimulated and how division of wealth between men will be

equalized by carrying out this simple and fundamental reform. He showed too, with the insight of genius and with prophetic foresight, how our civilization which seems to excel and overtop all others will crumble into decay if we do not adjust our economic system so as to secure freedom of trade and of production for all men.

WHERE POLAND WAS WEAK

IN *The Times* of 26th September a correspondent contributed a special article on the position in Poland, which is all the more noteworthy because facts of the kind have been given the certificate of *The Times*. The following extracts refer to the land question:—

In the former Russian and Austrian territories of Poland the agrarian question was a burning one, and the Poles have failed to solve it by thorough-going agrarian reform. One great obstacle was that Polish dominion beyond the Curzon Line was mainly based on the Polish ownership of the big landed estates. Had these estates been broken up completely, although part of them might have been settled with Polish colonists, the local White Russian and Ukrainian peasantry could not have been excluded from a share in the land.

In these eastern provinces the relations between manor house and village were tense, even before the last War; and they have become much tenser in the last 20 years. The Russian armies now entering these provinces need little encouragement from Moscow, Kiev or Minsk to make the White Russian and Ukrainian peasants seize the estates of the Polish big, or merely substantial landowners, who must be deemed lucky if they have escaped with their lives. Probably their Polish officials and retainers, the Catholic clergy, and a good many of the Polish colonists planted in these territories in the last 20 years have also fled or are in danger.

If the Russians had stopped on the Curzon Line, the present population of ethnic Poland would have heard about the horrors beyond the line, about murders of Polish landowners, clergy and colonists, and might have been less affected by the revolutionary aspect of the new régime. But as the Russians advance to the new demarcation line, they are certain to "expropriate" the non-peasant landowners or even so-called "kulaks," also in the purely Polish districts; and however good Poles and Catholics the Polish peasants may be, men who have no land, or too little to live on, will be sorely tempted to seize the land of the big squires, their forests and pastures. The Russian advance into the Polish ethnic territory between the Curzon Line and the Narew, Vistula and San foreshadows a revolutionary change in the social structure of the country.

The Germans, in their attempts to gain the support of the masses—they have no chance of gaining that of the upper and middle classes—can hardly resort to agrarian reform, for they could not carry it through in late Russian Poland and Posnania without applying it also to Upper Silesia, where the peasantry is Polish and many of the big landed estates are German. Polish landowners, *intelligentsia*, clergy and professional men may easily be the victims of mobs, acting without a definite social revolutionary programme—merely taking "vengeance" for the "misfortunes which they have brought on the country by their corrupt policy," and so on.

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The following personal note taken from the *Daily Telegraph*, 28th September, is also significant. It referred to the return of Major-Gen Carton de Wiart from Poland. "For the last 20 years he has lived

The world has not yet learned that lesson. May we hope that our two nations which have contributed so much to political freedom and liberty of thought will set their hands to securing that economic freedom which alone can give wealth and happiness to men, peace between nations, and dignity to life.

eight miles from the Russian border on a 300,000-acre estate lent to him by one of the Radziwill family. It has some of the best wildfowl shooting in the world. . . . Prince Radziwill's property, indeed, is a sportsman's paradise. In addition to its feathered game, it has elk, wild boar, wolves, lynx and bear."

Under the Soviets

The *Manchester Guardian*, 30th October, reports:

The nationalization of banks, important industries, mines and railways, and the confiscation of land were unanimously adopted by the National Assembly of the Western Ukraine in session at Lwow, in Soviet-occupied Poland.

The declaration nationalizing banks, industries, mines and railways proclaimed that this measure was taken "to ensure the ruthless suppression of exploiters and the abolition of the exploitation of man. Henceforward all valuables in banks, all large factories and plants, all mines and railways are proclaimed the property of all the people—that is, State property."

The declaration enacting the confiscation of land said:

"The only lawful master of the land of the Western Ukraine liberated from the landlords and capitalists is the working people. In full conformity with the unanimous will and aspirations of the working people of the Western Ukraine, protecting their immediate and vital interests, following the example of the peoples of the Soviet Union, the Ukrainian National Assembly proclaims on the territory of the Western Ukraine the confiscation of land belonging to landlords, monasteries and high officials, with all livestock, implements and estate buildings.

"The National Assembly approves the alienation of landed estates without compensation through the peasants' committees under the guidance of provisional administrations and the handing over of this land for the use of the working peasantry. The question of the lands of the 'Ossadniks' (Polish military colonists) will be decided by the peasants' committees.

"All the land of the Western Ukraine, with its mineral resources, all forests and rivers, are proclaimed the possession of all the people—that is, State property.

"The Ukrainian National Assembly calls upon all those who toil on the land and the peasants' committees to observe iron revolutionary discipline and to protect against plundering the former landlords' estates, buildings and implements now the sacred and inviolate possession of the people. Only the peasants' committees are entitled to distribute the landlords' land. Only the peasants' committees are entitled to dispose of the landlords' properties."

The newly elected National Assembly of Western White Russia—the other district into which the Soviets have divided the Soviet-occupied area of Poland—met at Bialystok on 28th October. Proposals for the establishment of the Soviet system, the incorporation of the territory in the Soviet White Russian Republic, the confiscation of landed estates and the nationalization of banks and heavy industry were placed on the agenda.—*Reuter*.