

perusing Morley's essays on each of these three great men, will be helped to assess the value of arguments which dismiss the taxation of land values as "crude nonsense" partly on the ground of Voltaire's story.

Mr. Shaw's objections, on the grounds of reason, not mere "authority," to the taxation of land values appear to be (1) that as under T.L.V. governments must collect economic rent "and sit on it," therefore the supply of new capital will cease and production decline to the point of extinction; and (2) that economic rent can yield nothing to taxation because it is not "cash income."

These two objections amount to saying: Economic rent does not exist but as this non-existent entity is at present devoted by its private owners to supply new capital, of which it is the only source, therefore the only possible reform we can contemplate is the complete monopolisation by the State of all land and capital.

The assertion that "values are phantoms," etc., appears to arise from a confusion in Mr. Shaw's mind between the annual value of land, which is and always has been collected without difficulty by private landowners and public authorities (to the small extent to which the principle has been applied), and the capitalised value of land, which is a convenient basis for assessment, but which no consistent Single Taxer ever has or could hope to collect. The collection of the capitalised value is only undertaken in a piecemeal nationalisation of land, and it is taken not from the landowner but from the public—and given to the landowner. This is a typical example of the practical outcome of so much well-meant but confused Fabian Socialism.

Henry George never contemplated collecting economic rent and "sitting on it." It is almost incredible that any reader of any of his works could ever have had that impression. The proceeds of the land value tax, according to his philosophy, go to defray all those expenses that must be met by society as a whole, society as a whole having produced the value. At present these expenses are defrayed by taxes, levied under no principle of justice, on production and saving. Thus, under the taxation of land values, producers, relieved of taxes on production, would be able to save much more and invest in new capital. And all obstructions and discouragements to producing and

saving having been removed, production would be much greater and complete freedom of investment, *at one's own risk*, having been established, investment would be both larger in volume and more effective in its direction than at present.

The present domination of the big combines in industry—working, as we see, so easily with official planning—seems to have misled Mr. Shaw into the assumption that only land owners can save. Everyone's common experience refutes this. Indeed, the extent to which non-privileged producers will save and strive for independence, even in the adverse circumstances of to-day, indicates the stupendous urge to save and invest which would operate if the unjust restrictions of private monopoly and penal taxation were removed. The landowner, as landowner, produces nothing and, therefore, can save nothing, in the true sense of the word. He can accumulate and invest only so far as the laws enable him to appropriate the savings of others—thus depriving them of the power of investing for themselves. This process is the basis of those huge concentrations of economic power which bring social consequences, frequently overlooked. Unenlightened resentment against Big Business discredits even the idea of freedom itself; it gives currency to the crudest economic fallacies from which demagogues draw their power; it corrupts the very heart of Western civilisation.

Under equal freedom, with privileges removed, saving and investment would become diffused to an extent which most people could not at present conceive. There is every reason to suppose our country would become a land of small enterprises whose owners would have the intelligence to co-operate voluntarily wherever appropriate, always retaining the power of independent action. Self-reliance would bring a return to self-respect and all those virtues of which the decay is so much lamented even by Socialists in responsible positions. Patriotism and democratic enthusiasm would acquire a material basis they now lack.

Is it too much to hope that Mr. Shaw will even now re-examine the arguments which he has evidently forgotten or not completely understood, and by his influence bring them to wider and more rational discussion?

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## CHINA'S WEAKNESS OUR WEAKNESS

CHINA is a long way, geographically, from Western Europe. Communist successes in that country do not constitute an immediate threat to what is still called our democracy. Some commentators, however, appear to recognise that movements of opinion do not always take full account of physical distance and this apprehension is reflected in personal criticism of Marshal Chiang Kai-shek, which might have been more valuable if it had been expressed when that leader had appeared more successful. Some of these critics attribute the Nationalist collapse to his attempt last year to confiscate all private holdings of gold and silver as backing for paper currency, in which the peasants had no confidence, with the result that currency became virtually valueless, the middle classes lost their savings and agricultural produce failed to reach the cities or armies. A parallel is drawn between this situation and that in which Hitler rose to power and no doubt it has had some bearing on the Communist success. But inflation alone did not cause the collapse of German democracy; it was a symptom rather than a cause. And if Chiang-Kai-shek's policy of substituting paper for specie

was wrong, how many democratic politicians have not been equally mistaken and not yet found out. Surely the cause lies deeper than in the monetary manipulation which so many of our experts regard as the cure for unemployment and other social evils.

An article in the *Manchester Guardian*, as long ago as September 7th last, suggests a more potent source of Chinese Nationalist weakness. This article describes the appalling conditions prevailing in the Yunan tin mines where child workers are condemned to almost bestial slavery. The writer seems to demand that "something should be done about it," but gives no hint to the remedy unless his references to the mines as being "privately owned by rich Chinese," and the inadequate provision for "social welfare" convey some indication. No explanation is given why the children or their parents are obliged to submit to these conditions.

A despatch from a *Times* special correspondent, published on November 30th, however, carries the story further. He informs us that China "is overwhelmingly agricultural and the peasant has always been the victim

of the landlord, the tax-collector, and the moneylender. Agrarian reform, which the Communists have made the corner-stone of their programme, has long been the crying need." We should say, affect to make. The Communists display "great originality in adapting their principles to these special circumstances," as soon as they occupy an area redistributing the land so that "an equal share" goes to every man, woman and child. They claim that this is "no more than the implementation of the original 'land-to-the-tiller' programme of Dr. Sun Yat Sen, long embodied in paper legislation never carried out," owing to the decay of idealism and honesty in the Kuomintang "when it began to taste the sweets of power."

We are indebted to Mr. J. Rupert Mason, of San Francisco, for a reminder of Dr. Sun Yat Sen's policy as he expounded it to American reporters when he retired from office. "The teachings of your single taxer, Henry George, will be the basis of our programme of reform. The land tax, as the only means of supporting the government, is an infinitely just, reasonable, and equitably distributed tax, and on it we will found our new system."

#### THE AGRARIAN RED HERRING

The *Times* correspondent hardly seems to have understood the reform as advocated by the original Chinese idealists. It was not concerned only with "agrarian reform" any more than the slavery in the tin mines is "agrarian" slavery. The monopoly which keeps a producer (except on the landlord's terms) from the earth's agricultural opportunities is exactly the same as that which keeps a producer from the earth's mining, manufacturing or commercial opportunities. A peasant, miner, artisan or trader deprived of the land he requires for his business is equally destitute and the destitution of any one of these classes of producers will inexorably affect the standards of other classes, whether the country is mainly

agricultural, mining, manufacturing or commercial. The need of the State for revenue, where land value remains in private possession, will in the same way subject the producer to the exactions of the tax collector, and the moneylender will always remain powerful where real money is scarce or concentrated in few hands.

China's weakness is our weakness, China's danger is our danger. And our rulers, also, some of whom at one time saw the dangers of land monopoly, and the true remedy, have "tasted the sweets of power."

#### WHERE REVOLUTIONS START

It is significant that Karl Marx, who expected the revolution to break out first in the highly industrialised countries, has been refuted by events. Society has been overturned first where the land question has appeared more obvious and urgent. On the other hand, it is the small peasant proprietors who have offered the stoutest resistance to Communism. In Russia the Communist authorities were obliged to liquidate them with appalling cruelty; in Yugoslavia the Communist newspaper, *Borba*, admits that, despite measures of elimination, "they still have a very strong position in the countryside." In Poland and Hungary even the Communist rulers do not yet feel strong enough to embark on deliberate and wholesale expropriation. In Italy the peasants have come into conflict with the State in their efforts to occupy land belonging to large proprietors, including the State itself. Is it not obvious that a serious effort *now* in all Western democracies to deal with the land question would not only allay discontent but would raise up an impregnable barrier to the extension of Communism? If there is any selfishness in the current tendency in Press and radio to deprecate or ignore the land question this selfishness may well prove to be of that short-sighted kind which destroys itself.

## TRANSPORT AND OTHER MONOPOLIES

UNDER A "voluntary agreement" the State authority—the British Transport Commission—has taken over most of the transport concern known as Thomas Tilling, Ltd. The price is nearly £25,000,000 worth of stock, guaranteed by the British taxpayer and, in addition, at least one director of the original company has a seat on the board of the British Transport Commission. Sir Frederick Heaton, chairman of the company, is reported to have described this settlement as equitable. None could justly censure any business man in present circumstances for making the best terms he can with the Government or even "getting in first" when there might appear to be a chance of becoming an ally rather than a victim. But one may well question the ultimate justice of our arrangement by which the owner of a business, which under free conditions, could make a profit only by serving the public in competition with others, should be relieved of competition and risk at the expense of the taxpayer. If it is a real crime to own and operate private buses this should be stopped, and *without compensation*. If it is not a crime it should not be stopped. If the owners enjoy any kind of monopoly or privilege in this business that is no reason for the State to buy out the monopoly; the right course is to reform the laws which create it.

Messrs. Tilling, it is reported, retain ownership in other parts of their concern, including freehold and leasehold property, and insurance companies and investment trusts—the assets of which normally comprise freehold and leasehold property. In this also Messrs. Tilling show business acumen. Did not the Town and Country Plan-

ning Act look after their interests? By placing restrictions and penalties (the "Development Charge") upon the development of new land, an extra premium is given to land already developed; to "freehold and leasehold property," in fact. And this also at the expense of the general public.

The directors of Messrs. Tilling might have an interesting exchange of experiences with the owners of Christmas Island, who recently sold "their" land to the Australian and New Zealand Governments for £2,750,000. These owners, however, could hardly claim that they "made" the phosphate which the island contains, whereas Messrs. Tilling must, in fact, have built their buses and developed their organisation.

#### WHERE NATIONALISATION FAILED

"We shall soon see what the bureaucrats will do with the (Tilling) buses," remarks the *Manchester Guardian*, November 9th, but where a State-owned business operates under conditions of monopoly there is no standard by which its success can be finally judged. To raise the fares, or prices, or obtain some indirect subsidy, might easily conceal gross inefficiency. It is only where a State industry comes into competition with concerns it cannot control or tax that the results may be judged. This has occurred where governments acquired shipping lines. Mr. Baker White, M.P., in a letter to the *Daily Telegraph*, December 1st, cites a formidable list of shipping lines taken over by various governments, which, after operating at great loss, had eventually to be sold to private