

## GEORGE BERNARD SHAW ON ECONOMIC RENT

(Extracted from *THE IMPOSSIBILITIES OF ANARCHISM*, a paper read to the Fabian Society, 16th October, 1891).

WHATEVER YOUR choice may be, the first thing you find is that the reward of your labour depends far more on the situation in which you exercise it than on yourself. . . . At Charing Cross or Cheapside fortunes are to be made : in the main street at Putney one can do enough to hold up one's head : further out, a thousand yards right or left of the Portsmouth Road, the most industrious man in the world may go whistle for a customer. Evidently retail shopkeeping is not the thing for a man of spirit after Charing Cross and Cheapside have been appropriated by occupying owners on the principle of first come first served. . . .

Take that financial trinity, Glyn, Mills and Currie ; transplant them only a few miles from Lombard Street, and they will soon be objects of pity to the traditional sailor who once presented at their counter a cheque for £25 and generously offered to take it in instalments, as he did not wish to be too hard on them all at once. Turning your back on banking, you meddle in the wheat trade, and end by offering to exchange an occupying ownership of all Salisbury Plain for permission to pay a rack rent for premises within hail of "The Baltic" and its barometer. . . .

A good soil will often yield the strongest and richest grain to less labour per acre or per bushel than must be spent on land that returns a crop less valuable by five shillings a quarter. . . .

Of two men with equally good heart to work and machinery to work with, one may be on a stream that will easily turn six millstones ; whilst the other, by a natural default of water, or being cut off by his fellow higher upstream, may barely be able to keep two pairs of stones in gear, and may in a dry season be ready to tie these two about his neck and lie down under the scum of his pond. . . .

How would occupying ownership of mines work, when it is an easier matter to get prime Wallsend and Silkstone out of one mine than to get slates and steam fuel out of another, even after twenty years' preliminary shaft-sinking ? . . .

The distributor flourishes where men love to congregate ; his work is to bring commodities to men ; but here the men bring themselves to the commodities. Remove your distributor a mile and his carts and travellers must scour the country for customers. None know this better than the landlords. Up High Street down Low Street, over the bridge and into Crow Street, the toilers may sweat equally for equal wages ; but their product varies ; and the ground rents vary with the product. Competition levels down the share kept by the worker as it levels up the hours of his labour ; and the surplus, high or low, according to the fertility of the soil or the convenience of the site, goes up as high rent or low rent, but always in the long run rack rent, to the owner of the land. . . .

Under a system of occupying ownership, rent would appear only in its primary form of an excess of the prices of articles over the expense of producing them, thus enabling owners of superior land to get more for their products than cost price. If, for example, the worst land worth using were only one-third as productive as the best land, then the owner-occupiers of that best land would get in the market the labour cost of their wares three times over. This 200 per cent premium would be just as truly ground rent as if it were paid openly as such to the Duke of Bedford or the Astors. . . .

Rent, in the economic sense, covers payment for the use of land for any purpose, agricultural or otherwise ; and town rents have risen oppressively. A much more puzzling discrepancy between the facts and the theory is presented by the apparent absence of any upward tendency in the prices of general commodities. However, an article may be apparently no less cheap or even much cheaper than it was twenty years ago ; and yet its price may have risen enormously relatively to its average cost of production, owing to the average cost of production having been reduced by machinery, higher organization of the labour of producing it, cheapened traffic with other countries, etc. Thus, in the cotton industry machinery has multiplied each man's power of production eleven hundred times ; and Sir Joseph Whitworth was quoted by the President of the Iron and Steel Institute some years ago as having declared that a Nottingham lace machine can do the work formerly done by 8,000 lacemakers. The articles entitled "Great Manufacture of Little Things," in Cassell's *Technical Educator*, may be consulted for examples of this sort in the production of pins, pens, etc. Suppose then, that an article which cost, on the average fivepence to make in 1850, was then sold for sixpence. If it be now selling for threepence, it is apparently twice as cheap as it was. But if the cost of production has also fallen to three-halfpence, which is by no means an extravagant supposition, then the price, considered relatively to the cost of production, has evidently risen prodigiously, since it is now twice the cost, whereas the cost was formerly five-sixths of the price. In other words, the surplus or rent per article has risen from 16 $\frac{2}{3}$  per cent to 100 per cent, in spite of the apparent cheapening. This is the explanation of the fact that though the workers were probably never before so monstrously robbed as they are at present, it is quite possible for statisticians to prove that on the whole wages have risen and prices fallen. The worker, pleased at having only to pay threepence where he formerly paid sixpence, forgets that the share of his threepence that goes to an idler may be much larger than that which went out of each of the two threepences he paid formerly.

It would take an extraordinary long course of demolition, reconstruction and landscape gardening to make every dwelling house in London as desirable as a house in Park Lane, or facing Regent's Park, or overlooking the Embankment Gardens. And since everybody cannot be accommodated there, the exceptionally-favoured persons who occupy those sites will certainly be expected to render an equivalent for their privileges to those whom they exclude.

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ON PAGE 79 of his book of reminiscences, *Doctor's Progress* (Published 1938, Eyre & Spottiswoode), referring to his student days in Glasgow, Dr R. McNair Wilson says : "We all read Henry James' *Progress and Poverty* and talked ourselves hoarse about land values. Lairds became for us prototypes of the Devil. We were slightly shaken, however, when somebody told us that if land was nationalized every bank in the country would fail. The truth was that we knew nothing about either economics or finance—or politics for that manner."

On referring to the index, under J one finds—

James, Henry, novelist, 196, 197.

James, Henry, economist, 79.