

China

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FULL LAND-VALUE TAXATION WAS PROMISED TO CHINA by Sun Yat-sen in his famous *Three Principles of the People*, issued in 1898. But this promise was never fulfilled, for warring factions kept the republic in a state of turmoil for 30 years after its founding, and Sun's democratic Constitution was treated like nothing more than a scrap of paper. Thus China's opportunity to become the nation of "industrious, peace-loving, prosperous people," Dr. Sun intended her to be, was lost.

THE LAND PROBLEM IN ANCIENT CHINA

There have been long periods in the history of ancient China when the worker had free access to the soil and no landlord exploited him of the fruits of his labor. Such a period occurred between 2698 and 2205 B.C., from the Huang Ti to the Hsia Dynasty, and the degree of freedom which the people enjoyed during those five centuries has been praised by scholars in succeeding dynasties.

All land came under State ownership during the Hsia and Chow dynasties, the era of feudalism. During this period a rude system of land distribution was practiced

which brought the people a kind of prosperity for several hundred years. The land was divided into squares, with each square subdivided into nine parcels. Each of the eight outside parcels was cultivated by a family. All eight joined in the tilling of the central portion, reserved for the State, and in the sowing and harvesting of the crops. Only one tax was levied under the nine-square system, a land tax of about 10 per cent.

Beginning about 350 B.C., the nine-square system was abolished; the private ownership of land was legalized, and the land became concentrated in the hands of the wealthy.

In A.D. 485 land once more became the property of the State. At the beginning of the prosperous Tang Dynasty, A.D. 625, another attempt at land reform was made in northern China under a "Land Division, Rent and Return" system. Land was assigned to every male at the age of 18 and was divided according to its productivity. Each grantee began to pay a land tax when he became 21 years old and ceased to pay it when he reached the age of 60. Twenty per cent of the land assigned could be transmitted to his children, but he could not sell it. Forty per cent of the land reverted to the State when the grantee reached 60, and the remainder reverted at his death. This system was followed, with only minor modifications, until A.D. 755. It was in this period that China had her Golden Age.

State ownership of land came to an end in A.D. 755, when the empire was shaken by outside invasions and internal strife. Since then, private ownership has prevailed, and, as a rule, the downfall of each succeeding

dynasty has been brought about by the rebellion of landless peasants or tenants protesting against extortionate rents.

THE LAND PROBLEM IN MODERN CHINA

The influence of Henry George on the thinking of Dr. Sun Yat-sen was clearly evident in the latter years of his life. He had studied the land problem through Chinese history, through the teachings of Confucius and by personal observation. Apparently George's book, *Progress and Poverty*, which he must have read sometime after 1895, answered his question as to how land reform might best be instituted in China, for excerpts from *Progress and Poverty* appeared in Chinese in the paper *Ming Pao* (*People's Paper*), a monthly published by Dr. Sun's organization in Japan in 1897. In his famous *Three Principles of the People*, issued in 1898 and already referred to, he pointed out that land reform was the most important step to be taken, and his slogan, "Equal right to the use of land," was borrowed directly from George's book.

After his withdrawal from the office of Provisional President of the Republic of China in 1912, Dr. Sun Yat-sen was interviewed by various American reporters, to whom he made the following statement:¹

I intend to devote my future to the promotion of the welfare of the Chinese people as a people. The teachings of your single

¹*The Public* (Chicago), April 12, 1912, p. 349. Reference is made to "the Chicago *Tribune* report," but this report could not be located, the old files of that newspaper being incomplete. The *New York Times* and other newspapers of the period, and an editorial in *The Independent* (New York), June 13, 1912, establish that an interview between

taxer, Henry George, will be the basis of our program 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 will we found our new system. The centuries of heavy and irregular taxation for the benefit of the Manchus have shown China the injustice of any other system of taxation.

A single reasonable tax on the land will supply all the funds necessary to put China among the first of the civilized nations in political and economic advancement. We will embrace all of the teachings of Henry George and will include the ownership by the national government of all natural monopolies. No private interest will be allowed to tax and exploit the people through control of any material or service which is a necessity to life and happiness.

These reforms China is certain to adopt, and under them we will grow into an industrious, peace-loving, prosperous people.

For 30 years after the Republic of China was proclaimed in 1912, warlords ruled the country by arbitrary power in the name of the republic whose democratic Constitution they ignored. They imposed unbearable levies on all, exploiting landlords and tenants alike, and hundreds of different kinds of taxes were collected independently in each province or district. For instance, in the province of Szechwan, the richest and largest province in China proper, with over 60,000,000 population, the ruling warlords used to collect taxes from 10 to 15 years in advance, so that in 1930 taxes were col-

Dr. Sun and American newspapermen was held in Shanghai on April 4, 1912, and that Dr. Sun expressed the beliefs and intentions attributed to him in the above quotation. It also is interesting to note that the *Chicago Sunday Tribune* (Sec. II, Part I, p. 1) stated on March 10, 1912, that Sun's successor, Yuan Shih-K'ai, "will urge the new cabinet to impose a land or single tax in order to raise money for the government. The President believes this plan of taxation will be best for the country."

lected up to 1940 or even 1945. Similar oppression was common throughout the country. The warlords, their relatives and their close lieutenants became big landlords by the exercise of power, and the people under them suffered more than they had under the Manchus.

When Dr. Sun Yat-sen died in 1925, his principles and programs had not been carried out anywhere in China. Chiang Kai-shek ultimately became the chief of the then new National Government of China and proclaimed himself as Sun's political successor. But Chiang had no real understanding of Sun's principles and so he failed to carry out any of the essential programs. The most important of all, the land-reform program, was left untouched.

Meantime, the situation in China has gone from bad to worse. Since it is an agricultural country, farmers constitute about 73 per cent of her 460,000,000 population. According to a report of the Land Commission, Nanking,² big landlords hold almost a fifth of the land in 16 provinces but constitute only about 1 per cent of the population; poor farmers have less than 17 per cent of the land but constitute nearly 60 per cent of the population. The tenant farmer pays as rent from 50 per cent to 75 per cent of his total crops. Sometimes landlords supply their tenants with farming implements or fertilizers; sometimes they do not. Tenants have to ask for loans from their landlords at extortionate interest rates, sometimes as high as 3,000 per cent, with future crops as security.

²This report was made in 1927 and is available, in Chinese, in the Harvard University Library, Cambridge, Mass., and in the Congressional Library, Washington, D.C.

Neither the Sino-American Commission on rural reconstruction in China nor the China Land Reform Association was able to change the situation markedly. The function of the first group was to develop programs for improving agricultural practices. The second is a farmer's organization with hundreds of chapters in 17 provinces. In 1948 this group put forward a land-reform program according to which each farmer would be permitted to own only enough land to support a family of eight, and there were provisions for purchase payments to be spread over 14 years and safeguards against his being overcharged for his land. But such measures were too superficial and came too late to save the mainland of China from communism. The people were so desperate that they were willing to accept blindly any change that came along.

Since the Chinese National Government took over the administration of Taiwan (Formosa), land-reform measures have been limited to the regulation and reduction of rents. Under the "37.5 per cent Rent Limitation Law" the actual rent the tenant farmer pays is 37.5 per cent of his annual crop. As a result of this and of the efforts made to supply fertilizers, seeds and technical assistance, agricultural production in Taiwan has increased.

The unsolved land question is fundamentally at the bottom of China's economic and political strife. Since the beginning of private land ownership about 351 B.C., there have been many attempts to solve the problem by "distributing" the land. These have failed. As no funda-

mental remedy was ever applied, no cure could be expected. The tragedy of China and her 460,000,000 people is that, although the proper remedy was available under the Constitution of Sun Yat-sen, she failed to use it.