

DR. SUN YAT-SEN AND MR. HENRY GEORGE:  
THEIR THOUGHTS AND POLICIES ON LAND PROBLEMS

BY

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Land is a problem with a long history. Man lives upon the land and survives from food grown on the land. But as land is strictly limited and population tends to keep on increasing, a struggle to enjoy the benefits of land ownership naturally develops. Maladjustments in social institutions controlling land use and unfair distributions of wealth consisting of land have led to cries for redress.<sup>1</sup>

Although Henry George was not the first man to recognize this problem,<sup>2</sup> he was probably the first one in the West who had looked into this problem in depth and worked out a concrete measure for the realization of his ideal. In the East, especially in China, the problem of land use and control can be traced back to ancient times and many measures have been proposed and implemented over the long Chinese history.<sup>3</sup> But the most comprehensive and successful one has been Dr. Sun Yat-sen's land reform program.

When Thomas Jefferson was campaigning for President in 1800, he advocated an agricultural America. This was because what he had seen in Britain, France and Italy made him disinterested in making America an industrialized society. His hope for the United States was an agricultural paradise, not a cluster of filthy and crowded cities or a hunting place for businessmen, bankers, and industrialists. Thus, after the purchase of Louisiana in 1803, he proudly declared that the land of United States was large enough for one thousand generations. By and large, Jefferson's dream for America was realized until the 1860's. After that, the economy of the United States made a big turn - from a predominately agricultural to an industrial economy.

Economic progress - especially the inventions of labor-saving machinery - should have lightened the toil of labor; the tremendous increase in wealth-producing power should have eliminated poverty. But in reality, "disappointment has followed disappointment." The discoveries and inventions "have neither lessened the toil of those who must need respite, nor brought plenty to the poor."<sup>4</sup> The living conditions of labor showed very little improvement despite the rapid increase in productivity. It seemed they were forgotten in the distribution of the increased wealth. Moreover, their life was further aggravated by business fluctuations alternating irregularly. During the period of normal business, wages were low, while during the depressions, the working class often had difficulty to find a job.

Henry George was so disappointed that he wrote:

"The promised land flies before us like the mirage. The fruits of the tree of knowledge turn as we grasp them to apples of Sodom that crumble at touch."<sup>5</sup>

He further stated that material progress did not merely fail to relieve poverty, but actually produced it, and wherever the condition of material progress was mostly fulfilled, there was deepest poverty. Thus progress amid poverty became the most important social problem.

### The Evolution of Henry George's Thought

Born to a modest family, George did not appear in his early years to be an intellectual. He never went to college and moved from job to job. He began to write at age twenty-six when he was associated with the San Francisco Times. His early interest was in labor (especially in the Chinese coolies) and immigration problems. But it was not until 1868 after a visit to New York did he really began to give serious thought to the bigger problem - the riddle of progress amid poverty.

In George's opinion the riddle was not only a problem of his times but a problem influencing future mankind. If not solved, reaction must come, and any political institution which is based on social inequality is like standing a pyramid on its apex and would eventually topple. Thus in his famous book Progress and Poverty he wrote:

"This association of poverty with progress is the great enigma of our times. It is the center fact from which springs industrial, social and political difficulties that perplex the world, and with which statemanship and philanthropy and education grapple in vain. From it come the clouds that overhang the future of the most progressive and self-reliant nations. It is the riddle which the Sphinx of Fate puts to our civilization and which not to answer is to be destroyed. So long as all the increased wealth which modern progress brings goes but to build up great fortunes, to increase luxury and make sharper the contrast between the House of Have and the House of Want, progress cannot be real and cannot be permanent."<sup>6</sup>

Since this is a problem involving distribution of wealth, it falls properly in the field of political economy. To George, however, the prevailing theories of political economy at that time were vague, and could not explain the persistence of poverty amid advancing wealth. Therefore, with evangelistic enthusiasm, George set himself to do the job. He proposed to seek "the law which associates poverty with progress, and increases want with advancing wealth." Actually, he attempted to do more than just seeking for the explanation of this paradox; he also hoped to find the causes of "those recurring seasons of industrial depression," or in modern term, of business cycles.

In New York he saw the sharpest contrast between the poor and the rich which made him sick at heart. After returning to the west he observed a craze in land speculation. At the same time the first trans-continental railroad was about completed, people poured into California. Land values rose phenomenally. Out of this background came George's zealous thought about land problems. One afternoon in 1869, George went for a ride from which he found the answer to the quest he had set for himself. On this he said:

"Absorbed in my own thoughts, I had driven the horse into the hills until he panted. Stopping for breath, I asked from a teamster, for want of something better to say, what land was worth there. He pointed to some cows grazing off so far that they looked like mice and said: 'I don't know exactly, but there is a man over there who will sell some land for one thousand an acre.' Like a flash it came upon me that there was the reason for advancing poverty with advancing wealth. With the growth of population, land grows in value, and the men who work it must pay more for the privilege. I turned back, amidst quiet thought, to the perception that then came to me and has been with me ever since."<sup>7</sup>

Henry George started writing Progress and Poverty in 1877. It has been one of the best sellers in the field of political economy. What made him to do this? The following is what he said:

"... in daylight and in a city street, there come to me a thought, a vision, a call -- give it what name you please ... It was that that impelled me to write Progress and Poverty and that sustained me without which I should have failed."<sup>8</sup>

As might be expected, Progress and Poverty was a book written from the heart. In addition to economic theory, it is also a cry of mingled protest and hope. During the time while he was writing the book he also suffered great economic distress. At times he was unemployed and there was actual hunger in his household. Thus, when he finished the last page in a lonely night he was emotionally overwhelmed. He flung himself on his knees and "wept like a child." He had kept his vows!

Although Henry George had difficulty finding a publisher, after its publication, Progress and Poverty became a best seller in a very short period of time.<sup>9</sup> As a result of this book, Henry George was catapulted into national prominence. Thus the prophecy of recognition of the book's greatness was quickly fulfilled. This is largely because, as Robert L. Heilbroner said, "The book struck a tremendously responsive chord."<sup>10</sup> And, as we mentioned earlier, it is a book written from the heart.

## Land Rent and the Single Tax

The purpose of the book Progress and Poverty was to explain the paradox of poverty accompanying progress and to solve the riddle of industrial depressions alternating with boom period. George saw the answer to both problems in the monopoly of land (in its widest sense, including natural resource) by a few. Under this system, he argued, the rent of land increased with material progress, and landlords reaped the benefit while the wages of the landless were pressed down.

As to the remedy for poverty and depression, George's method was simple. That is to make land common property. To achieve this end he did not propose an outright confiscation of all privately owned land, he proposed instead to take the rent of land through taxation. He further argued that land rent was a social value, and was the natural source of public revenue. Rent from land, George said, was unearned, because land, indispensable to production, was a free gift to all mankind.<sup>11</sup> The solution he offered was the single tax -- a 100% tax on the annual economic rent of land.<sup>12</sup> In the meantime, all other taxes should be discontinued.

In George's own words, his proposal was "to abolish all taxation save that upon land values." So this was not merely a fiscal reform, but as a method for applying to a more far-reaching social reform, the aim being to establish equal rights in land for all men and to raise wages for all workers.

As all other economists did, Henry George regarded land, labor and capital as the three major factors of production. The return from land is rent; but to reward labor and capital, wages and interest should be paid. The amount they can earn depends on what they can jointly produce on rent-free land or on the least productive land used. Based on this kind of analysis, George formulates his theory of distribution as follows:

"As Produce = Rent + Wages + Interest  
Therefore, Produce - Rent = Wages + Interest  
Thus wages and interest do not depend upon the produce of labor and capital, but upon what is left after rent is taken out; or upon the produce which they could obtain without paying rent -- that is, from the poorest land in use. And hence, no matter what be the increase in productive power, if the increase in rent keeps pace with it, neither wages or interest can increase."<sup>13</sup>

All men should have equal right to the use of land, just as their equal right of breathing the air. It was, George said, a right proclaimed by the fact of their existence. He further explained:

"If we are all here by the equal permission of the Creator, we are all here with an equal title to the enjoyment of his bounty - with an equal right to the use of all that nature so impartially offered. This is a right which is natural and inalienable, it is a right which vests in every human being as he enters the world, and which during his continuance in the world can be limited only by the equal rights of others. There is in nature no such things as a fee simple in land. There is on earth no power which can rightfully make a grant of exclusive ownership in land."<sup>14</sup>

Since all men are equally vested with the right to land use, therefore, to George, the recognition of individual proprietorship is a wrong - it is a denial to the natural right of other individuals. Furthermore, he argued, once exclusive right of land was established, it could be easily used as a tool of exploitation. For as labor cannot produce without the use of land, the denial of equal right to the use of land is necessarily the denial of the right of labor to its own produce. If one man has control over the land upon which others must labor, he can ask for a price for his permission to use the land. This, to George, is a violation of the fundamental law of nature and would lead to the following undesirable situation: "One receives without producing; the others produce without receiving. The one is unjustly enriched; the other is robbed."<sup>15</sup>

What was necessary for the use of land, said George, was not its private ownership, but the security of improvement. It is often said today that ownership can turn sand into gold, but George's theory is different. In his opinion, it was not the magic of property ownership that turned sands into fruitful yields; it was the magic of security to labor. In other words, as long as the security of land improvement can be guaranteed, common right to land does not necessarily interfere with the best use of land. It seems that Mr. George favored, though implicitly, the separation of land ownership and the right of land utilization.

George considered land value the result of social progress. It represented a value created by the whole community. Thus to buy up individual property rights would be tantamount to the continuation of the unjust advantage of the landlords.

Then how to secure and preserve the equal right of individuals to the land? Some people had proposed that all land could easily be declared public property by a single government order. Or, land could be confiscated first and then given to the people by equal partitions.<sup>16</sup>

This is certainly an easy way out, but George did not adopt it. To do this, he thought, would involve "a needless shock to present customs and habits" and "a needless extension of government machinery." He argued that the same thing could be accomplished in a simpler, easier and quieter manner. The way he proposed, as we already mentioned, was taxing land rent. If all the rent could be taxed the property title to land would mean little. For, he said what was left after rent was "the shell" and what was taken away was "the kernel."

To confiscate rent was not only the way to assert the common right to land, George said, it was also sufficient to finance all government expenditures. He recognized the fact that government revenue would increase as time goes on, but so would the land value and the rent as society develops.

Moreover, taxation on land value was considered by Henry George as a "sovereign remedy" to social problems. It would "raise wages, increase the earnings of capital, extirpate pauperism, abolish poverty, give remunerative employment to whoever wishes it, afford free scope to human powers, lessen crime, elevate morals, and taste, and intelligence, purify government and carry civilization to yet nobler heights."<sup>18</sup>

### Dr. Sun and his Social Background

Dr. Sun was born in 1866 in Kuangtung province. He was a medical doctor by education, but he was known to the world as the Father of the Republic of China who created the first Republic of Asia. Throughout his career, Sun was a fervent nationalist who strove to make China strong and modern.

Even in his teenage, Dr. Sun showed great concern to both national and world affairs. This may have something to do with the social and political situation of that time. In the world at large, the industrial revolution had created social problems in many of the industrialized countries. While in his own country, the Ch'ing dynasty was a corrupt government and repeatedly suffered humiliation at the hands of more technologically advanced countries. In combination, these two factors caused him to forsake his medical practice and to devote himself to the modernization of his father-land.

Dr. Sun was trained both in China and in the United States. He also spent many years in traveling about the world in search of support for his revolutionary movement. His revolutionary principles were broad and flexible, encompassing ideas he learned from the world at large. His political doctrine was his Three Principles of the People and the Plan for National Reconstruction. His basic philosophy stressed the necessity of positive action in building up the nation. He examined the causes of China's stagnation, expounded his theory that "Action is easy; knowledge difficult," which is in direct opposition to the traditional Chinese saying that to know is easier than to do.

### The Sun Principle of Livelihood and Land Policy

Land problem was an important social problem. Dr. Sun talked about this problem in his Principle of Livelihood (Min Sheng Chu I.)<sup>19</sup> He believed

that the process of social change and capitalistic development usually began with the landowners, and from the landowners went on to the merchants, and finally to the capitalists.

Dr. Sun's land policy can be divided into two parts. As far as land utilization is concerned, he argued for the best use of land. On the distribution of land he proclaimed the equalization of land rights. It seems that Dr. Sun first paid attention to the problem of land utilization and agricultural production. This was revealed in his letter to Li Hung-chang. In this letter he proposed a broad reform, but one of his points was how to make the most efficient use of (agricultural) land. He did not say much about land distribution until he returned from his first trip to Europe. Obviously influenced by what he saw in the Western countries, especially the unjust distribution of wealth resulting from land monopoly, he proposed the method of equalization of land rights as a means to solve China's land problem. When he organized the T'ung Meng Hui (Revolutionary Alliance) in 1905, this proposal was included as one of the four planks of his political platforms. In 1924, he went one step further by advocating a land-to-the-tiller policy which he thought was an efficacious means for the solution of the agrarian problem and the attainment of the equalization of land rights.

When Dr. Sun talked about land rights equalization, he did not advocate an outright redistribution of land. What he did propose was the taxation of land value increment which results not from the ownership per se but from the progress of the society. Since increment of land value is a product of the society it should be enjoyed by the public. Dr. Sun first focused his attention on the problem of urban land because that was what he saw in the Western countries. But he later shifted his mind to farm land also.

Dr. Sun advocated the equalization of land rights to solve China's land problems. He believed that this method was able to accomplish the following goals:

1. To check landowners' income from an unjust source: In the Principle of Livelihood, Dr. Sun referred to a case in Australia where a drunken fellow unintentionally outbid other buyers in an auction of government land. For a long time after he acquired the land, he did not give it any attention. Over a decade passed, tall buildings and great mansions had been erected all around that piece of land and the price of land soared. The land was worth tens of millions, and the drunkard became the wealthiest man in Australia.

To whom did these millions really belong? In Dr. Sun's opinion, they belong to everybody. For it was because the people in the community chose this section as an industrial and commercial center and made improvement upon it that this tract of land increased in value and gradually reached such a high price. Although China had not developed to such a degree, Sun believed precautions ought to be taken in order to prevent landowners from getting such unearned income and robbing the people of the community.

So he said:

"... Since the currents of Western economic life have begun to rush into China, all of our systems have undergone a process change. The land question has felt the first and most serious effects of the modern Western impact. But this marked effect of economic development upon land value is true not only in China; all other countries have experienced the same thing. At first they did not notice the fact or pay much attention to it. Not until the disturbance in the economic order become acute did they give their attention, and then it was not easy to remedy the situation, to turn back with the accumulated burden. The Kuomintang must, as a matter of foresight and of precaution against future difficulties, find a solution of this problem of fluctuations in land values."<sup>20</sup>

2. To equalize social wealth: Without proper check private propertyship could make landowner richer and richer and the landless poorer and poorer.

3. To prevent land speculation: Very much as Henry George argued, Dr. Sun considered land speculation as a major cause of economic depression, and it had begun to emerge in China. If not checked before it become worse, many people would invest their capital in land and leave very little capital for industry development. Should this happen, it would be a serious problem. In his lecture on the equalization of land rights, he said that even though we had overthrown the Ch'ing dynasty if we were not able to stop land speculation, our children would not only not be free from dictatorship but would continue to be exploited by big landlords.

To implement the program of land right equalization, Dr. Sun had developed a set of measures. In brief, his proposal is: The government shall levy land tax according to the price of the land, if necessary, take back the land.

But how can the price of land be determined? The method Dr. Sun proposed is to let the landlord himself fix the price. He said in his Principle of Livelihood:

"I would advocate that the landlord himself should fix the price. The landlord reports the value of his land to the government and government levies a land tax accordingly."<sup>21</sup>

One problem arises. If the landlords make their own assessment of their land, they may undervalue the land and in that case, the government will lose out. To prevent this kind of thing from happening, Dr. Sun proposed two other measures as a countervailing force. First, the government will collect taxes according to the declared value of land. Secondly, the government can also buy back the land at the reported price. Under this arrangement, if the landowner makes a low assessment he will be subject



to a risk that the government may purchase his land at that value and make him lose his property. On the other hand, if he makes too high an assessment, he will have to pay a proportionately higher tax. "Comparing these two serious possibilities, he (the landlord) will certainly not report the value of his land too high or too low; he will strike a mean and report the true market price to the government. As a result, neither landowner nor government will suffer."<sup>22</sup>

What's the  
actual result?  
80% of Govt  
declared value

Land value was bound to increase as soon as there was progress. To leave the increase untouched would leave the land problem far from being solved. The measure proposed by Dr. Sun was to revert all increase in land value (after the land value has been fixed) to the community.

Why to the community? This is because the force behind the increase in land value is not from a few private individuals but comes from all the people of the society who help make the improvements and progress possible. The following is an example used by Dr. Sun in his lecture of the Principle of Livelihood.

"For example: If a landowner now assesses his land at ten thousand dollars and several decades later that land rises in value to a million dollars, the increase of nine hundred and ninety thousand dollars would, in our plan, become a public fund as a reward to all those who had improved the community and who had advanced industry and commerce around the land."<sup>23</sup>

Is this program unfair to the landowners? According to Dr. Sun argument, it is not necessarily so. What the government will take is the increment after land value is fixed, it is not the whole. Furthermore, since the government is not going to take their land away, the land, though its value is fixed, will still be privately owned.

One more point needs to be cleared. That is about the land value. Very much like the policy proposed by Henry George, land value in Dr. Sun Yat-sen's plan refers only to the value of bare land; it does not include improvements made by human labor or construction work upon the surface.<sup>24</sup> If the land with artificial improvements were bought back by the government, compensation would have to be made for the improvements upon the land.

### "Land-to-the-Tiller"

According to Dr. Sun's teaching, the purpose of the "Land-to-the-Tiller" are twofold: To redress the unjust arrangement between tenants and landlords and to increase farm production by giving farmers more incentive.

The rural situation in the 1920's was, according to Dr. Sun's description, very distressing. Nine out of ten farmers did not own their fields.

Most of the land was in the possession of landlords who did not do cultivation themselves. Moreover, the food which the tenants produced with their labor was mostly taken away by the landowners. What they themselves could keep was rarely sufficient to keep them alive. This was a most unjust situation.

When farmers could not enjoy the fruits their labor produced, they lost interest in tilling the land. As a result, resources were wasted and production was hindered.

To redress the unjust situation and to increase agricultural production, it is necessary that the farmer should till his farm for himself and claim its products. In his third lecture of the Principle of Livelihood, Dr. Sun emphasized the importance of enacting proper laws to protect farmers' rights. The most relevant excerpt reads:

"If we are to increase the production of food, we must make laws regarding the rights and interests of the farmers; we must give them encouragement and protection and allow them to keep more of the fruit of their land. The protection of the farmers' rights and the giving to them of a large share in their harvests are questions related to the equalization of land ownership. When the Min Sheng Principle is fully realized and the problems of the farmers are all solved, each tiller of the soil will possess his own fields -- that is to be the final result of our efforts."<sup>25</sup>

An old Chinese saying says that the nation looks upon the people as its foundation and the people look upon food as their heaven. This reveals the importance of the food problem in China. Dr. Sun considered food as a problem of the people's livelihood. The Principle of Livelihood, he said, means sufficient food supply for all the people of China. Only when there is abundant and cheap food can we say that the livelihood problem is solved.

✓ { The shortage of food supply in China was due to many factors. But the most important one, according to Dr. Sun, was the lack of progress in agricultural production, which to Dr. Sun was very much a problem of land utilization. Thus, if land can be used in the most efficient way, food supply should not be a problem. This kind of statement can be found in many places of his teachings. In his letter to Li Hung-chang he said "The basic reason for a strong and rich Europe is that they have made use of their land to the most efficient extent."<sup>26</sup>

1. He ran twice for mayor of New York and twice failed. He actually died on the eve of the second election.
2. David Ricardo was one whose theory on economic rent was very much accepted by Henry George. The physiocrats also placed great emphasis on land in their theory of production.
3. The ancient system of common cultivation (i.e., the Ching Tien System) is an example. The first one to advocate the limitation of farm land was Mr. Tung Chung-shu (140-86 B.C.) of the Han dynasty.
4. Henry George, Progress and Poverty, (New York: Robert Shalkenbach Foundation, 1966), p. 5.
5. Op. Cit., p. 8.
6. Op. Cit., p. 10.
7. Henry George, Jr., The Life of Henry George, (New York: Doubleday, Daran & Company, 1930), p. 210.
8. Op. Cit., p. 311.
9. Op. Cit., p. 321.
10. Robert L. Hailbroner, The Worldly Philosophers, (New York: Simon and Schuster, 1961), p. 161.
11. Mr. George seemed to have accepted Ricardo's explanation of rent, considering rent as the difference between the production of any given piece of land and the production of the least productive land in actual use. He called it an "exploitation" -- a diversion of increasing income from the many who produced to the few landlords who did not.
12. The term "the single tax" was not used in George's Progress and Poverty, but came into use 10 years later. Actually, the name harks back to the impot unique of the French Physiocrats of the 18th century. They, too, visualized one tax upon land only, but Mr. George knew little of their work when he wrote Progress and Poverty.

13. Progress and Poverty, p. 171.
14. Op. Cit., pp. 338-339.
15. Op. Cit., pp. 341-342.
16. Herbert Spencer, Social Statics, Ch. IX, Section 8.
17. Progress and Poverty, p. 405.
18. Op. Cit., pp. 405-406.
19. There are several different translations of the Min Sheng Chu I. In addition to the one we used in the text, it has also been translated into the Principle of People's Livelihood and the Principle of People's Well Being. Certainly, the last translation has a much richer concept. Dr. Sun defined Min Shen as "the people's way of living (Shong Huo), the existence of human society (Sheng Tsuen), national economy (Sheng Chi) and the life of the masses (Sheng Ming). See John O. H. Wu, The Man and His Ideas, (Tapiei: Hwa Kuang Publishing Co., 1974), p. 343.
20. Sun Yat-sen The Principle of Livelihood. (Tapiei: China Cultural Service), p. 34.
21. Op. Cit., p. 40.
22. Op. Cit., p. 41.
23. Op. Cit., p. 42.
24. By the value of bare land, it is meant the land value at the time of reporting. "Bare" means not counting the value of improvements or construction.
25. The Principle of Livelihood, pp. 53-54.
26. The Collection of Dr. Sun Yat-sen's Teachings, Vol. III.
27. Henry George's Famous Anti-Poverty Lectures, delivered in Sydney in 1890 and published by the Sydney Single Tax League.
28. Jacob Osor, The Evolution of Economic Thought. (New York: Harcourt, Brace and World, Inc., 1963), p. 243.