

# LAND & LIBERTY

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Editorial Offices

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*All communications to be addressed to the Editor.*

Telegrams: "Eulav, Sowest, London." Telephone: Victoria 4308.

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## LAND AND CAPITAL

No word has more currency in political and economic discussion to-day than "capitalism." It may be doubted whether any other term is used more loosely and in more divergent meanings, or has led to more false conclusions. At two extremes are the ideas attached to this word by Henry George and by Karl Marx.

Henry George defines capital as labour products which are used as an instrument in the production of more labour products.

This definition first of all rules out land from the category of capital.

Secondly, it rules out stocks and shares, bonds, public debts and so on. George regards these things as mere evidences of a legal claim—of ownership. The thing owned may be land or capital or it may be an intangible right such as a patent right, a copyright, or a debt. The important thing to him is the nature of the thing owned.

This method is in sharp contrast with that of Karl Marx. The term in his vocabulary which corresponds most nearly to George's capital is "means of production," that is to say "raw material, accessory substances and instruments of labour." But it is evident that he frequently, if not always, includes land in the phrase "means of production," and so attributes to "capitalism" what on closer analysis is due to "landlordism" only. "Means of production" he also designates as "constant capital" because it "does not experience any change in magnitude of value during the process of production." On the other hand, his "variable capital" is what is "advanced in wages," or, as he says, "the part of capital that is transformed into labour power" and which "undergoes a change of value during the process of production."

He says: "The same constituents of capital which, from the outlook of the labour process, are distinguished as objective and subjective factors respectively—as means of production on the one hand and labour power on the other—are from the standpoint of the process of creating surplus value distinguished as constant capital and variable capital." According to Marx, "surplus value" arises from the variable capital: surplus value is unpaid labour.

This prepares us for the statement that "capital is not a thing, but a social relationship between persons, established through the instrumentality of things."

What kind of social relationship constitutes capitalism is made clear in the following passage:—

"Money and commodities are not from the first capital, any more than the means of production and the means of subsistence are. They have to be transformed into capital." The essentials of this transformation are that "on the one hand there must be the owners of money, of the means of production, and of the means of subsistence, who desire by the purchase of others' labour power to increase the sum of values they own. On the other hand there must be free workers, the sellers of their

own labour power, and therefore the sellers of labour." The "freedom" of these workers consists in two things—first, that they are not slaves or serfs, the property of others; secondly that they are "free from, unencumbered by, any means of production of their own."

"The capitalist system presupposes a divorce between the workers and the ownership of the property through which alone their labour can become effective."

Marx then proceeds to explain how the producers were "robbed of all the means of production." "The expropriation of the agricultural producers, the peasants, their severance from the soil, was the basis of the whole process."

After sketching in burning words the history of this expropriation in England, he concludes: "The spoliation of the property of the Church, the fraudulent alienation of the State domains, the theft of the common lands, the transformation of feudal property and clan property into modern private property (a usurpation effected by a system of ruthless terrorism)—these were the idyllic methods of primary accumulation. They cleared the ground for capitalist agriculture, made the land part and parcel of capital, while providing for the needs of urban industry the requisite supply of masterless proletarians."

This theme is repeated again and again. "The capitalist method of production and accumulation, in short, capitalist private property, demands as its fundamental condition the annihilation of self-earned private property; in other words, the expropriation of the worker."

This leads us to consider whether Marx opposed all forms of private property. He says: "In political economy there is a current confusion between two very different kinds of private property, one of which is based on the producer's own labour, whilst the other is based on the exploitation of the labour of others. Not only do the economists forget that the latter kind of property is the direct antithesis of the former; they forget likewise that the latter can only grow on the tomb of the former."

Capitalism is the "negation of individual private property based upon individual labour." Marx considers that the existing system will bring its own destruction. Instead of the "expropriation of the mass of the people by a few usurpers" we shall have "the expropriation of a few usurpers by the mass of the people." This will "re-establish individual property upon the basis of the acquisitions of the capitalist era; i.e., on co-operation and the common ownership of the land and of the means of production which labour itself produces."

The great difficulty which the modern Marxian or other Socialist finds in appreciating the importance of the land question probably lies in the idea that the expropriation of the labourer from the soil is only an historical cause of "capitalism" and not a present one. Marx himself is too acute a thinker to countenance this idea. He makes it clear that he considers the expropriation of the labourer to be a present and continuing cause of exploitation.

The difficulty arises also from the notion that accumulated wealth plays a much greater part in human affairs than it actually does. As Henry George says: "The truth is that wealth can be accumulated but to a slight degree, and that communities really live, as the vast majority of individuals live, from hand to mouth. . . . The matter of the universe, which, when worked up by labour into desirable forms, constitutes wealth, is constantly tending back to its original state. Some forms of wealth will last for a few hours, some for a few days, some for a few months, some for a few years; and there are very few forms of wealth that can be passed from one generation to another. Take wealth in some of its most useful and permanent forms—ships, houses, railways, machinery. Unless labour is constantly exerted in preserving and renewing them, they will almost immediately become

useless. Stop labour in any community, and wealth would vanish almost as the jet of a fountain vanishes when the flow of water is cut off. Let labour again exert itself, and wealth will almost as immediately reappear. This has long been noticed when war or other calamity has swept away wealth, leaving population unimpaired. . . . Accumulated wealth seems to play just about such a part in relation to the social organism as accumulated nutriment does to the physical organism. Some accumulated wealth is necessary, and to a certain extent it may be drawn upon in exigencies ; but the wealth produced by past generations can no more account for the consumption of the present than the dinners he ate last year can supply a man with present strength."

In confirmation of this view it may be mentioned that the late Mr A. C. Pleydell, of New York, an eminent and conscientious statistician, estimated that "averaging the annual production of food, clothing, and the more perishable commodities with the more permanent structural improvements" in spite of all our advances in civilization "we have less than three years' supply of wealth on hand (perhaps not even two full years' supply)."

Thus we see that the expropriation of the people from the soil, the permanent storehouse from which alone the supply of wealth can be replenished, is not only historically but is now the dominant factor determining the distribution of wealth.

Finally, we may quote from Marx's essay on "Property in the Soil" :—

"The nationalization of the land will bring about a complete change in the relations between labour and capital and will result in the final end of capitalist production, both industrial and agricultural. Then indeed will class differences and privileges disappear, together with the economic basis from which they have sprung. Society will become an association of free producers. Living on the labour of others will become entirely a thing of the past. There will no longer be a Government or State whose existence is separated from society itself. Agriculture, mining, manufacture, in short, all the branches of production, will become rightly organized. The national centralizing of the means of production will form the natural foundation of a society which consists in the free association of the various classes of producers."

There is thus a large measure of agreement between Marx and George as to the cause of the exploitation of the labourer. Marx does not, however, work out any detailed plan for remedying the evil, although the first plank in the Communist Manifesto calls for the abolition of property in land and the confiscation of ground rents by the State.

The great merit of Henry George, on the other hand, is that he worked out a simple and practicable plan by which the transition from an exploitative society to a free society could be brought about. Although this plan is extremely radical and in its results might be called revolutionary, it makes use of the existing machinery of taxation and government and can be carried out either slowly or rapidly according to the degree of popular support which exists for it, without involving the opposition that violent changes evoke. This sanely constructive element in George's teaching, combined with his penetrating and logical analysis of economic evils, is the reason why it has become part of the political thought of the world and has to its credit so great a legislative achievement in so many countries.

F. C. R. D.