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MARXIST SOCIALISM

Recently we reviewed a modern exposition of non-Marxist Socialism in Mr Hobson's *Property and Improperly*. It is interesting to compare with that Mr Strachey's statement of the Marxist position (*The Theory and Practice of Socialism*, by John Strachey; Victor Gollancz, Ltd.). It is a long book, dealing with many topics, and the present article must confine itself to the first part dealing with the economic conceptions. But before proceeding to these it may be well to note that socialism is postulated to be a transition stage to communism. Socialism is the social ownership of the means of production, and the distribution of products according to the work of the individual. Communism, whose motto is "From each according to his ability, to each according to his need," is to be reached only through socialism. Human nature is not yet adapted to communism. Before such a state is possible, we must be able "to create superabundance," and men must wish to work for the joy of working.

The present system of society (designated capitalism) is characterized as involving the ownership of the means of production which are worked by those who do not own them for the benefit of those who do. It is contrasted with a system of planned production for use (designated socialism).

It is important to know what is meant by the word "profit." According to Mr Strachey it is the difference between cost and price. Out of profit are paid rent and interest. Mr Strachey here gets into difficulties, talking at one time as if rent and interest were the two parts into which profit is divided and at another as if rent, interest, and profit were three sub-divisions of something called surplus value. As, however, surplus value is defined as income derived from ownership in the means of production, and as the only essential classes of means of production are land and capital, it would seem that surplus value must consist of rent and interest, and that profits have no independent existence.

This point is of importance because Mr Strachey emphasises that profit-making is the mainspring of present-day society. His critique would wear a very different aspect if he said that wage-earning was the motive power of society, as it is postulated to be of a socialist society. But in fact his own analysis shows that if there is any profit left after paying rent and interest, it can only be a reward to a man who owns neither land nor capital and is therefore in the broad sense of the term wages. That the wages which a few obtain are extremely high (and it may be said too high) does not go to the root of the matter. If it be true that the motive power of society to-day is wages, the whole critique must be altered, and the enquiry must pursue a different course (Why are wages so low? Why does so much go in other channels?).

Production to-day is directed by demand, subject to the condition as Mr Strachey would say that it is profitable to satisfy that demand. Under socialist production the quantity of goods of any kind produced will depend upon the conscious planning of the governing body. That will involve a determination not only of the quantities of finished articles to be produced but also a determination of the quantity of every kind of unfinished article and of all the capital equipment which is a necessary stage towards the production of any given commodity. It is a difficult task, but not necessarily impossible. (On the contrary, it will be said, and is said, that the problem has been solved in Russia. It may be suspected that the solution is not a very satisfactory one, and that the violent measures of repression forced upon the Russian state at so frequent intervals have perhaps more to do with economic maladjustment than with Trotskyist plots.)

What requires attention is the nature of the solution. It is one in which demand plays only a remote and indirect part. The planning commission may collect statistics of how many suits of clothes, wireless sets or whatnot the population requires, but an exact balancing of desires through the medium of value is almost impossible in a system in which values are largely arbitrary. The more complete the elimination of private enterprise the more difficult the task becomes and the more arbitrary become the values placed upon each item in the collective economy.

Moreover, there is another side to the process which is equally important, and that is the question of cost. It is not only necessary to produce what people want, it is also necessary to produce it at the minimum of cost. Every disposition of resources, whether of land, labour or capital for one purpose means their withdrawal from other purposes. In a free economy the cost involved comes to the forefront; in a "planned economy" the cost is likely to be concealed. It may in fact become undiscoverable, because no one is conscious of what has been lost by directing resources into one channel rather than another.

In theory at least we can separate production from distribution. The ultimate communist position assumes that this can be done in practice—that the most efficient application of resources can be obtained irrespective of who gains the benefit. The intermediate position of socialism assumes that reward can be proportioned to effort in a "planned economy." In fact it appears that in Russia the range of wages is represented by the numbers from 1 to 15. Under the system existing in this country the range according to Mr Strachey is from 1 to 40,000. This figure is a little exaggerated, for it represents a range of from say £100 a year to £4,000,000 a year. The maximum figure should be perhaps 4,000. Moreover, a large number of incomes are now within the Russian range, say from £100 to £1,500 a year. If we regarded such a range as a reasonable immediate object, the problem reduces itself to eliminating or redistributing the excess incomes. Those who hold the Henry George viewpoint need not see a great deal of difficulty in achieving that without suppressing the free play of demand and the regulating factor of cost.

Mr Strachey postulates that socialism will, and does in Russia, distribute incomes in accordance with the quality and quantity of work done. He does not explain how that quality and quantity are to be measured. He assumes in fact that incomes will be distributed as they are to-day, except that no incomes will go to persons in respect of the ownership of property. But incomes are distributed to-day in accordance with the value of the work done, not its quantity or quality. For Mr Strachey,

who accepts the Marxian labour time theory of value, the two things are presumably identical. The quantity and quality of labour done determines the value of the product, and therefore the worker is automatically paid according to the value of what he does. Still it remains for those who accept this naïve theory to explain how they measure the quantity and quality of work done, or to revert to Marx's phrase, what multiplier they apply to skilled labour in order to equate it with unskilled labour.

The point is of importance because Mr Strachey concedes that in the pre-communist stage the incentive to work must be wages earned and that the better positions must carry better pay, so that incentive exists for the development of talent and application.

The weakest portion of Mr Strachey's work, perhaps, is his critique of the existing system. It is open to grave objection, but our readers will understand that disagreement with this Marxian analysis is not a condemnation of things as they are. The point is that a true diagnosis of the ills of the present system is the only means of finding the remedy. Mr Strachey insists that the present system involves that not all of the goods and services which are produced can find a market. (This is precisely the view point of the social credit school, although Mr Strachey recognizes that monetary manipulation cannot solve the problem because it does not alter the basic facts of ownership which are the real determinants of the distribution of wealth.)

Some quotations will illustrate the line of argument: "It can be shown for instance that in the production of 100 £5 beds £500 are distributed. But this will not necessarily mean that all the beds can be sold. If £400 is given to one man and £2 each to 50 men, the 50 men may not each buy two-fifths of a bed, and the one man may not buy 80 beds. . . . An important proportion of the beds will in these circumstances remain unsold." No wonder that Mr Strachey adds: "At this point the reader will surely be feeling that we have proved too much." Or perhaps the reader will feel that nothing has been proved, for, the alleged proof assumes that the beds *are* sold, for the incomes only come into existence as the result of the sale, and yet at the same time it is asserted that they are *not* sold. Mr Strachey attempts to extricate himself out of the difficulty by postulating that the "capitalist" who receives so much income that he cannot spend it on consumable goods, uses it to buy further means of production. "To go back to our example: the man who is paid £400 for the use of his property in making 100 beds will not buy 80 beds, but he will very likely use this money to build a new bed-making factory." In other words, out of an income derived from making beds which cannot be sold, the factory owner erects another factory to make more beds which cannot be sold.

There are many paradoxes in things as they are, and much that calls for reform, but we cannot think that sound proposals can be built upon such fantastic theories.

None the less there is an underlying stratum of truth in this book, in its insistence that the distribution of wealth to-day is conditioned by two things—by work done and by the ownership of property. Unfortunately, like many other communist writers, he places all productive property in the same category. No distinction is made between land and capital, except in one passage in which he says: "With every year that passed, the land became more and more only one of those indispensable means of production which it was necessary for the workers to possess if they would achieve their emancipation." Here is the basic fallacy shared by Mr Strachey with many "bourgeois" economists, that by some

strange means men become in the progress of civilisation less dependent upon land. In fact the opposite is the case. Not a single article which pours out of the factories but consists of natural materials transformed by human labour. Without land there can be no machines, just as there can be no food.

Economic advance showers a greater and greater part of wealth produced into the laps of those who do nothing but give to others permission to use the land. Mr Strachey sees nothing of this; he does not realize that here is to be found the primary cause of the maldistribution of wealth; that out of land speculation and the withholding of land from use comes low wages and unemployment; nor that the great achievement of the Russian revolution was not a planned system of production but the abolition (in theory, though perhaps not completely in practice) of private property in land.

Space does not permit us to pursue the argument, nor does it permit us to deal at length with the large departure from state-regulated industry to be found in the producers co-operatives and the collective farms under the soviet system. It does not occur to Mr Strachey that these are the safety valves which allow the system to work. Nor does it occur to him that the motive power behind these two great branches of Russian economy is "profit," because he postulates that "profit" only arises when an article is bought and sold again unchanged at a higher price, although his definition includes the wages earned by independent or co-operative producers.

The great evils of present day society are that wages do not keep pace with productive power but tend to a subsistence level, and that men who are able and willing to work cannot find the opportunity to do so. These evils arise and continue because we permit some men to charge other men for the use of land, the only and primary means of production, and because we allow those who own the land to use it or hold it out of use as they please. This fact Marx saw, and his seeing it raises him head and shoulders above all his followers. What he did not see was that this evil could be destroyed without destroying the free play of human activity. It is the great merit of Henry George that he found a solution, based upon impregnable economic principles, which would preserve the flexible and progressive elements in our present economic adjustment and abolish those which make for inequality and exploitation.

F.C.R.D.

GEORGE N. BARNES

International Labour Office at Geneva—where a Conference is now being held—owes its existence largely to the activities of George Nicoll Barnes, now 78 years old.

His portrait in oils hangs in the I.L.O. building—a tribute to 45 years of public work in many spheres.

Mr Barnes first won a seat in Parliament by defeating Bonar Law in the Blackfriars Division of Glasgow; and he remained Bonar Law's friend for many years, finally joining him in the War Cabinet.

Few who know of George Barnes' long career forget his fondness for cycling.

He made his first "penny-farthing" on the floor of his mother's kitchen in Forfarshire—and he still used a cycle until he was well past 60.

The foregoing appeared in the *Daily Herald* (5th June). Mr Barnes was one of the small body of men who formed the War Cabinet. He has always been a faithful supporter of the taxation of land values. We quoted some time ago from an article in *Labour* in which he paid tribute to Henry George and *Progress and Poverty*, and it is pleasant to know that his interest is unabated.