

Capitalism : Its Conception, Origin and Basis

By Baldomero Argente

1. *The Drama*

CAPITALISM, sapped from within by its own excesses and assailed from without by implacable opponents, is being steadily disrupted. Such is the drama that Western civilisation is living through to-day. It is a drama in which the greater part of the present generation are actors, spectators and victims all at the same time.

The successive events, even the most stupendous, on this stage, are episodes and incidents in the fate of Capitalism. The two recent World Wars were acts in this Titanic scene, and the disorder following upon them is the risen cloud of dust and fog darkening the skies and obscuring all vision after such demoralisation. The whole fabric of a social order of undeniable grandeur does not break up without convulsion and clamour.

With Capitalism near its death throes, a solution is sought and there is offered as the only alternative—Communism. So many as love liberty, the supreme blessing of humanity, for which they would gladly surrender material possessions and even life itself, reject Communism, the presage of slavery and, by that, of degradation and debasement. Having no alternative they exert themselves to sustain and defend Capitalism, if, indeed, they do not give themselves up to pessimism and bow before the obviously inevitable.

Defenders of Capitalism gather under two banners. Some look back longingly at conditions as they were up to the close of the 19th Century, and would repair their decay. Others, realising that it is not possible to put the clock back, or make rivers return to their source, hope to amend the older Capitalism, adjusting it to the new social framework, but still preserving its essential character.

Between these two there is a third stream of ideology, which hopes to modify the central basis of Capitalism, cleansing its

roots, and taking from it all radical injustices by which it is poisoned. This third doctrine is Georgeism. It is, therefore, the enemy alike of Capitalism and Communism: the way of salvation for whatever is just and Christian in our civilisation—a clear and speedy way as it will appear to the minds of thinkers and the multitude, if we first have and hold an absolutely correct idea of what true Capitalism is and the source from which it proceeds.

II. *The Confusion*

A greatly debated subject is this on Capitalism and its concept now and over the years. If we listen attentively, we hear most discordant voices and judgments with regard to it. For some, Capitalism is the contriver of all the splendours embodied in our present civilisation; it is the creator of civilisation itself and the indispensable condition of its progress. For others, it bears the guilt of all the abominations, injustices, sorrows, and miseries, which dishonour and torture the world to-day.

Some, then, exalt it and others condemn it. How can there be such diversity of judgment on a fact of such magnitude as the existence of Capitalism; and that, among men of upright moral conscience? The reason is that all words are charged with special meanings according to the point of view from which each contemplates the thing signified.

Defenders and assailants refer to different things, to different kinds of Capitalisms. They concentrate on a single facet of it and shut their eyes to others, some involuntarily and others often deliberately making the choice that suits them. This is human nature, natural impulses obeying with difficulty the dictates of conscious will.

Hence the necessity of fixing the true meaning of the word "Capitalism": that is to say, the essential nature of the Capitalism which Georgeism combats and which Georgeism would replace as the formula of a sound and sanely organised society; that is to say, enlightened and, in fact, Christian. For the sake of precision we have to dissipate and clarify many confusions of ideas and words

III. *The Conception*

As a generic term "Capitalism" is taken to mean a social and economic system in which Capital, as compared with Labour, is the predominant factor. If it is the predominant factor, it will command the fruits of labour—that is, material wealth and all benefits of whatever nature which material wealth can confer. If such a definition is to be clearly understood we must first fix the meaning to be attributed to its principal terms

A. *Capital*.—The basic word in the foregoing definition is "Capital," and in that definition it does not mean the same as it does in the Science of Political Economy. There is has its true

sense—"Material Wealth devoted to the aid of Labour in the production of more wealth." Or, "Wealth in course of transformation into other wealth more or less useful." Or again, as others say: Material wealth used for productive purposes.

But, as defined above, its meaning is not the scientific or true one, but the common or colloquial one. The same meaning as was given to it when slaves were included in a man's capital; that is to say, all that can give to its owner a revenue without work on his part.

The only thing which can give to its owner an unearned income is "exclusive ownership of the means for labour to work" which are also the means of production. These in current thought are three: Land, Capital (in the true sense), and Money.

But the only real common means is Land: as it is necessary to every person, to all humanity, and in all circumstances, the only possession which is by its nature capable of giving to its owner an unearned income, its natural or differential rent. The land is thus the fundamental means, compared with which the others are accessory and secondary.

True capital and money are only common means in so far as by their origin they belong to the community; but they are not necessary to everyone, at all times, and in all circumstances. Although they can give an income to their owners in legitimate interest, it is not without labour. They can only give an unearned income in certain unnatural circumstances as in the case of a virtual or effective monopoly, which it is not necessary for our purpose to examine closely here.

The word Capital in its common or generic use has five special meanings which it is important to distinguish in reasoning out the matter. They are:—

(1) Power to capitalise natural opportunities, which constitutes a privilege; (2) the power which permits such capitalisation, the exclusive ownership of the means of production; (3) the means themselves when capitalised, which comprise the three forms of Capital: (a) real, which is the land, (b) true, which is instrumental, (c) effective, which is money; (4) the profits or returns from monopolised capital, and (5) the participants in the exclusive ownership of capital, that is to say, the capitalists.

B. *Labour*. By "Labour" in the foregoing definition of Capitalism is meant all human activity intended to produce directly or indirectly material wealth, whatever may be the kind of work, the form it may assume, or the person who does it, even though such a person in another aspect can be, for instance, a capitalist

The common concept of Labour is also capable of five special senses which logically correspond to the five meanings of Capital, and which it is equally important to distinguish. They are:—

(1) The ability to work or the chance of exercising that ability, which is the existence of employment; (2) strength or skill in work, a property of man; (3) the actual performance of work composed in its organic form of its three natural aspects: (a) bodily or manual, (b) intellectual or spiritual, (c) rational or moral; (4) the products or fruits of labour to which we refer when we speak of hiring or selling labour; (5) the workers themselves, in so far as they participate in the power, strength and act of working.

C. *Predominance.* In Capitalism there is a nexus or relation between Capital and Labour, which holds them together; this relation is "Predominance." In this is implied a relation of precedence, pre-eminence and preponderance. It is a relation of superiority in Capital and of inferiority in Labour, by virtue of which the former controls the latter and requires submission to authority.

But this predominance can be due to various reasons, and can operate in distinct modes and forms, which gives rise to various kinds of Capitalism. This is the cause why such varied opinions are held about it. These kinds of Capitalism are:—

- (1) The essential; that in which Capital dominates Labour only by its excessive mass, i.e., by an excess of land, of true capital, and of money. Such Capitalism is good, for the abundance of means and possessions cannot be bad. Even if the abundance prove excessive no harm follows. There is only one defect: that such Capitalism actually does not exist anywhere. It is an ideal Capitalism lacking reality. Undoubtedly it is this ideal Capitalism that its defenders generally have in mind, seeing only its excellence and shutting their eyes to the evils which arise under the actual thing.
- (2) The real; that in which Capital dominates Labour by its excessive weight. This is bad; its weight bears down on Labour, which has to carry it.
- (3) The true. True Capitalism is that in which Capital predominates over Labour by its excessive volume and excessive weight combined. This predominance becomes an abuse in so far as it is good for Capital but bad for Labour, and worse for both, by its necessary consequences.
- (4) Effective Capitalism is that which exists in practice at all times and places; which has in it both good and bad in varying degrees dictated by circumstances; of which we talk because we live in it, but which has no place in pure theory.
- (5) One more, which is total Capitalism, in which all the land, all true capital, and all money are possessions of one entity, and that an abstraction, the State; a condi-

tion in which all Capital, with all its volume and weight, presses down on the citizens, now converted into workers, in their totality. This is Totalitarian Capitalism, super-Capitalism: by another name—"Communism," the worst of all. Here we are speaking of the true capitalism.

IV. *The Basis*

Capitalism... is of purely human origin: being the work of men we men can modify it. Hence the transcendent importance of understanding its (a) origin and (b) basis.

(a) Its origin its not obscure; but to see it with full clarity, we take as our starting-point one of the three requirements of social perfection, the fundamental one being "rational ownership of the means necessary for achieving social ends." "Necessary" implies "Necessary to all"; that is to say "common," and the fundamental one is the land. This requirement obtains in all societies and therefore in the civil and political affairs which we are now studying and whose greatest perfection bears the name—"Civilisation."

The rational (not the historical) origin of Capitalism is found in the social and political State itself, in that the State, abusing its powers, institutes private property in land and regulates it by positive law. Thus it suppresses the rational character which ownership should have, like all human institutions, if they are to serve the common good; and this violates the natural requirement of the social-economic order to which we have referred above as being fundamental for civilisation. It is, then, the State which, with this violation, makes possible the existence of Capitalism; engenders it, gives it being, is its father.

(b) But the foundation on which Capitalism stands is this same private property in land, thus instituted by the State; not that private enterprise is bad; on the contrary, it is a good thing in that the progress of civilisation requires it, but under private property in land ownership is deprived of its rational character, on which its rational limits depend. Because, with the loss of that rational character, the natural conditions are absent which, in ownership, ought to join in serving the common weal. If ownership is unlimited, it may be absolute; that is, it may be exclusive, all-embracing and perpetual, which when treating of land is completely irrational.

To give exclusive ownership to one or several or to any section of society implies exclusion of all the rest from the land equally necessary for them. All-embracing means that its individual owners can do with it what they wish, for their own benefit exclusively, with no regard for the interests of others, which must be taken into account if the general welfare is to be considered. Perpetual means that its so-called owners can dispose of it now, for the present and for the future, for centuries and centuries,

as if future generations, for all of whom it was created, did not have an equal right to it as soon as they come into the world.

Is not all thus utterly unreasonable? How could land become the exclusive property of a few persons if it was created for all equally, if it be the common inheritance of the whole human race, who all have an equal right to its use and benefits by Divine gift and by the mandates of Nature?

How can it be all-embracing if Divine and Natural law has limited it, granting to mankind a mere usufruct conditioned by the exigencies of the common good? How can ownership be perpetual, if the land was created for all the generations who are in succession born to live upon it, as God has ordained; that is to say, to live as well as is possible; whereas its owners, like all of us, are pilgrims and sojourners on the earth, as the Scriptures say?

Property in land, thus instituted, that is to say, deprived of its rational character, is not absolute property. This, indeed, is not possible, for nothing can be absolute in this world of realities. It is a form of property divested of the reason for existence, because that reason is the common good which it is impossible to pursue by an irrational path. It is the Quiritarian ownership of ancient Rome, which modern ages inherit from pagan times; an ownership pre-Christian and anti-Christian, composed, according to the classical definition of Ulpian of three rights: *Jus Utendi*, the right to use; *Jus Fruendi*, the right to enjoy; and *Jus Abutendi*, the right to misuse, with no limitations save those of positive law; natural law and moral law being ignored.

The two first are true rights. The right of misuse is not a right, but mere power, a false right which gives to this class of property the definite stamp of irrationality; because there is implicit in it the possibility of committing the following five abuses, each one of which is by itself irrational:—

1. Not to use the land; which means depriving Labour of its basic opportunity and preventing the land from fulfilling its social function.
2. Not to allow others to use the land when they have need of it.
3. To use the land badly, in violation of the natural law of ownership in its three aspects:—

- (a) To make the best possible use of property;
- (b) to get from it the largest and best returns; (c) to make the best possible distribution of its produce, by the joint and united efforts which constitutes social co-operation.
4. In practice, there is a fourth abuse—to rent or lease the land—an effective abuse by which the labour of using it is avoided while the profit is retained; this is not just.

5. And finally, the abuse which is to traffic in land in which all the foregoing misuses are included and in another form perpetuated.

All this with one intention, which unifies and makes a synthesis of all possible abuses; forming the common abuse, the greatest of all, the appropriation of the natural rent of land, a value due to the presence and life of the community and not to the owner who, as such, has done nothing and nor can do anything to produce it. Its appropriation by the owner of the land is, therefore, an injustice, the radical injustice, the root of all social injustices.

This faculty or power of appropriating the natural rent of land which Statute laws recognise in the private owner of land, and guarantee and secure to him with supporting auxiliary institutions, including physical force if necessary, constitutes a privilege, unjust like every privilege not of natural origin; an exceptional privilege; that of harvesting without having sown; a right to take what belongs to another without the consent of its legitimate owner; in one word, a privilege to steal within the protection of the law, a position which in its nature is irrational.

For the rent of land does not fall from the skies. What the landowner receives without working must be produced by others who are despoiled of their legitimate property, the fruit of their labour, that which in accordance with natural law ought properly to be theirs. The worker is robbed. Injustice is caused in the distribution of the product, in the distribution of wealth, and at the base of society there is placed the seed of all the injustices, abuses and evils which are comprehended in what is called Capitalism—and this with a definite objective (since men do not think of a thing, nor can think of it, without having an objective in view) which in this case is how to become rich without working. But in that objective it is well to distinguish between what men wish to achieve and what they are able to achieve; that is to say, the difference between hope and its fulfilment.

Their hope is to be rich, as rich as possible, without personal effort and to live well in perfect idleness. This is to be happy in the highest degree!

This hope is not rational. It is impossible of fulfilment in this world, where no one can be happy, much less live, in perfect idleness. All they can achieve, and they do so effectively, is that in so far as they do not work, others must. This is to evade the common law, which enjoins upon all human kind that they eat bread in the sweat of their brow. It is to divide all men into two classes or castes: some who inherit the earth and all it contains; others, who are disinherited; some who are feudal lords and others who are serfs; some masters and others slaves.

Society, based upon irrational property, is given a monstrous form. It is an irrational society deprived of its reason for exist-

ence, which should be the common good. Deranged, distressed, and delirious—a society which, through periodical crises and class war, leads logically to the agony and death of civilisation.

This is the so-called capitalistic society; in one word, Capitalism, the harvest, bitter and poisonous, of private property in land; and by the systematic development of the ideas or principles contained therein we arrive at the true theory of Capitalism.