

foreclosures and evictions. Today 25 per cent of the farmers are renters, whereas 30 years ago only 4 per cent were renters'. Like conditions produce like effects, and with our similar land laws we are steadily creating similar conditions in Australia.

In England, however, thought is becoming aroused. The late Archbishop of Canterbury denounced land speculators as traitors, and Sir Richard Acland, transferring 16,000 acres and a yearly income of 2,500 Pounds a year to the nation, said: 'It has been my growing conviction that we have now reached such a point in history that private ownership of large properties of all kinds, including large estates, is impeding the Christian and economic development of our country'.

The remedy for this chaos in regard to land possession is plain. Note the term 'freehold'. The dictionary states, 'It is a property held free of duty except to the King'. Therefore all land is held from the Crown—the People. Private ownership of land is not recognised in English law—only land possession.

According to Mr W M Hughes, MHR, the Federal Government has the power (Section 51) to collect the annual rentals of all lands. Then, let the people assert their natural and legal rights to all lands. Each land possessor paying rent to the people according to the rental value of the land he holds exclusive of the improvements thereon. Justice to all would thus be asserted and secured, with land possession itself being multiplied many times.

This aggregated land rent would be the people's annual rental income. They would then, and rightly, become the landed class, enjoying their rental income; and, in fairness to all, use it in meeting their governmental expenses and thus, in due time, sweeping away all taxation. What a different condition from now, when a few 'landowners' appropriate without public protest the people's rental income and thereby force upon them the ruinous plunder of taxation, which in plain terms is theft. The Government is confiscating private property and neglecting to collect its own.

This change would enormously benefit the whole community, especially cultivators holding land for bona fide use purposes. Those who would be eliminated would be non-workers, living upon unearned incomes from mere land possession, and speculators, now aiming to reap rises in land values created by need for land, and the increasing community activities of the people.

It is impossible to establish peace on earth and good will among men until the nations abolish their hostile trading relations. Since the preceding World War they have been steadily building up further trade barriers instead.

Mr Cordell Hull, USA Secretary of State, in connection with a National Foreign Trade Week, recently stated: 'Shifts from war to peace economies after the last war entailed commercial blunders of discrimination and protection that led eventually to world-wide depression and World War two. We,' he continued, 'ourselves cannot live in prosperity and security, in our own country, while people in other countries are suffering want and being driven to despair by economic hardship'. It was also Mr Hull who stated, 'If goods are not allowed to pass frontiers, sooner or later armies will', no doubt remembering how particular duties imposed in USA had ruined certain districts in Germany.

Years ago Japan was taking from Australia 800,000 bales of wool annually, and forecast she would soon be taking a million bales per annum. How did Australia reciprocate? In our insular, ill-will spirit, we put up such hostile tariffs against her that it made mutual trade impossible.

Protectionists are believers in self alone. Isolationists in spirit, they disregard the effects of their legislation upon other people's welfare and interests. They will not see how at home and abroad the injure Australia by their protection of monopolists. Further, that they are doing their part now, in eventually bringing about a third World War.

Nor can peace on earth and good will among men prevail with our 'White Australia' policy. It is based upon excluding from our shores men of a different skin colour to our own. It is a distinct challenge to a colour war, making colour the issue between men. Years ago, the USA, in a domineering way, compelled the Japanese to trade, little dreaming that, in a comparatively short time in the life of a nation Japanese ocean liners would traverse the globe, and their armies and navy of coloured men would present a formidable problem to the allied white nations.

Land! Trade! Race! These three great questions confront us, and must be met before we can hope to have peace on earth. Till we face and answer them in accord with the spirit of good will, continuous miseries will afflict mankind. As we sow, so shall we reap!

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KARL MARX ON RENT

In Chapter XXXVII of *Das Kapital*, Marx makes an analysis of ground rent. He divides it into various classes of what he calls 'differential rent'. He deals thus with its origin: 'Differential rent arises from the differences in the natural fertility of the soil, which depends upon the prevailing degree of development of cultivation (leaving aside for

the moment the question of location), in other words, from the limited area of the best lands, and from the circumstance that equal capitals must be invested in unequal soils which thus yield unequal products'.

LAND MONOPOLY A BARRIER TO PRODUCTION

After considering the different forms of rent, Marx deals with the capital necessary in various forms of production, and shows that under certain conditions there is a continual tendency of capital to bring about an equalisation in the distribution of surplus value produced by the total capital, by means of competition, and to overcome all obstacles to this equalisation. Such a condition rests 'upon the continually changing proportional distribution of the total social capital among the various spheres of production, upon the unremitting emigration and immigration of capitals, upon their transfer from one sphere to another'; in other words, if anything happens to interfere with the free movement of capital, this tendency to equalisation of surplus profits is disturbed. If a barrier is erected to prevent this free movement, the tendency will be for one section to acquire an unfair proportion of surplus value.

'But if the reverse happens, if capital meets some foreign power which it cannot overcome, or which it can but partially overcome, and which limits its investment in certain spheres, admitting it only under conditions that wholly or partly exclude that general equalisation of surplus value to an average profit, then it is evident that the excess of the value of commodities in such spheres of production over their prices of production would give rise to a surplus profit, which could be converted into rent and made independent as such compared to profit. Such a foreign power is private ownership of land when it builds obstacles against capital in its endeavour to invest in land. Such a power is the landlord in his relation to the capitalist.'

'Private property in land is the barrier that does not permit any new investment of capital upon hitherto uncultivated or unrented land without levying a tax, in other words, without demanding a rent, although the land to be taken under new cultivation may belong to a class which does not produce any differential rent, and which, were it not for the intervention of private property in land, might have been cultivated at a small increase in the market price, so that the regulating market price would have netted to the cultivator of this worst soil nothing but his price of production. But on account of the barrier raised by private property in land, the market price must rise to a point where the land can pay a surplus over production; in other words, where it can pay rent.'

The point is further dealt with as follows: 'Private property in land prevents such an

equalisation among capitals invested in the soil whenever production requires real estate, either for agriculture or for the extraction of raw materials, and catches a portion of the surplus value which would otherwise assist in the formation of the average rate of profits. The rent, then, forms a portion of the value, or more specifically, of the surplus value, of commodities, and instead of falling into the hands of the capitalists, who extract it from their labourers, it is captured by the landlords who extract it from the capitalists'.

LANDLORDS DEMAND PAYMENT FOR USE OF THE EARTH

'One section of society thus exacts from another a tribute for the permission of inhabiting the earth. Private property in land implies the privilege of the landlord to exploit the body of the globe, the bowels of the earth, the air, and with them the conservation and development of life...

'Wherever natural forces can be monopolised and thereby guarantee a surplus profit to the industrial capitalist using these forces, whether it be waterfalls, or rich mines, or waters teeming with fish, or a favourably located building lot, there the person who by his or her title to a portion of the globe has been privileged to own these things will capture a part of the surplus profit of the active capital by means of rent.

'That it is the ground rent, and not the house, that forms the actual object of building speculation in rapidly-growing cities, especially when building is carried on as an industry, as it is in London, we have shown in Volume 2. And it should not be forgotten that after the lapse of the lease, at the end of ninety-nine years as a rule, the land, with all the buildings upon it, and with the ground rent generally increased to twice or thrice its original amount, reverts from the building speculator or from his legal successor to the original landlord.'

SURPLUS VALUE AND RENT PRACTICALLY THE SAME

It is rarely that one hears a Marxist refer to Marx's writings in reference to land and rent. The common expression that comes from their lips is that the workers are robbed through the appropriation of surplus value. When asked the nature and origin of surplus value they seem unable to give a logical reply. To all such Marxists the following quotations by their apostle will prove of interest. They show that Marx considered surplus value and rent as almost interchangeable terms.

'That it is only the title of a number of persons to the possession of the globe that enables them to appropriate a portion of the surplus labour of society to themselves, and to do so to an increasing extent with the development of production, is concealed by the fact that the capitalised rent, this capitalised tribute, appears as the price of land, and that

the land may be sold like any other article of commerce. The buyer, therefore, does not feel that his title to the rent is obtained *gratis*, and without the labour, the risk, and the spirit of enterprise of the capitalist, but rather that he has paid for it with an equivalent. To the buyer, as we have previously remarked, the rent appears merely as the interest on his capital, with which he has bought the land, and consequently his title to the rent. In the same way, the slaveholder considers a negro, whom he has bought, his property, not because slavery as such entitles him to that negro, but because he has acquired sale and purchase.

'But the title itself is only transferred, not created, by sale. The title must exist before it can be sold, and a series of slaves cannot create this title by repetition any more than a single sale can...From the point of view of a higher economic form of society, the private ownership of the globe on the part of some individuals will appear quite as absurd as the private ownership of one man by another. Even a whole society, a nation, or even all societies together, are not the owners of the globe. They are only its possessors, its users, and they have to hand it down to the coming generations in an improved condition, like good fathers of families.

'If we observe ground rent in its simplest form, that of labour rent, which means that the direct producer cultivates during a part of the week, with instruments of labour (plough, cattle, etc.) actually or legally belonging to him, the soil owned by him, and works during the remaining days upon the estate of the feudal lord, without any compensation, the proposition is quite clear, for in this case rent and surplus value are identical. The rent, not the profit, is here the form through which the unpaid surplus labour expresses itself. To what extent the labourer, the self-sustaining serf, can here secure for himself a surplus above his indispensable necessities of life, a surplus production, depends, other circumstances remaining unchanged, upon the proportion in which his labour time is divided into labour time for himself and forced labour time for his feudal lord. This surplus above the indispensable requirements of life, the germ of that which appears as profit under the capitalist mode of production, is therefore wholly determined by the size of the ground rent, which in this case not only is unpaid surplus labour, but also appears as such...

'So much is evident in the case of labour rent, the simplest and most primitive form of rent; the rent is here the original form of surplus value and coincides with it. Furthermore, the identity of surplus value with unpaid labour of others does not need to be demonstrated by any analysis in this case, because it still exists in its visible, palpable form, for the labour of the direct producer for himself is still separated by space and time from his labour for

the landlord, and this last labour appears clearly in the brutal form of forced labour for another.

'In the same way the 'quality' of the soil to produce a rent is here reduced to a tangibly open secret, for the nature which here furnishes the rent also includes the human labour power bound to the soil, and the property relation which compels the owner of labour power to exert this quality and keep it busy beyond the measure required for the satisfaction of his own material needs. The rent consists directly in the appropriation, by the landlord, of his surplus expenditure of labour power. For the direct producer pays no other rent. Here, where surplus value and rent are not only identical, but where surplus value obviously has the form of surplus labour, the natural conditions, of limits, of rent, lie on the surface, because those of surplus value do.'

THE FINAL TYPE OF RENT

In the concluding chapters of Volume 3, Marx deals with 'money rent' as the final type of rent. He shows who gets it, and how it is obtained:

'Money rent, as a converted form of rent in kind, and as an antagonist of rent in kind, is the last form of ground rent which we have considered so far, namely the ground rent as the normal form of surplus value and of the unpaid surplus labour to be performed for the owner of the means of production. In its pure form, this rent, like labour rent and rent in kind, does not represent any surplus above the profit. It absorbs the profit as it is understood...

'In all these forms of ground rent, whether labour rent, rent in kind, or money rent (as a mere change of form of rent in kind), the rent-paying party is always supposed to be the actual tiller and possessor of the land, whose unpaid surplus labour passes directly into the hands of the landlord. Even in the last form, money rent --to the extent that it is 'pure', in other words, a mere change of form of rent in kind-- this is not only possible, but actually takes place.

'Capital pumps the surplus labour, which is represented by surplus value and surplus product, directly out of the labourers. Private land has nothing to do with the actual process of production. Its rôle is confined to carrying a portion of the produced surplus value from the pockets of the capitalist to its own. However, the landlord plays a rôle in the capitalist process of production, not merely by the pressure which he exerts upon capital, nor by the fact that large property in land is a prerequisite and condition of capitalist production, seeing that it separates the labourer from the means of production, but particularly because the landlord appears as the personification of one of the most essential

requirements of production.'

CONCLUSION

The quotations given show that Marx devoted a great deal more time to the land question than is admitted by his followers. They do not seem to realise the important part that land monopoly plays in the exploitation of the wealth producers. All their attention is centred on the capitalist—the owner of the machine. They fail to see that they are 'barking up the wrong tree'.

It is true that under present-day conditions it does appear to those unacquainted with economic knowledge as if the ownership of machinery is the cause of the unjust distribution of wealth. Marx saw there was something deeper: it was the alienation of the people from the soil—the robbery of their natural heritage. He has shown that where land was free to all it was impossible to get wage slaves. He made it clear that it is not Capital that exploits Labour, but that the private appropriation of ground rent is the great original economic sin. Knowing the cause of the trouble, the remedy is at hand. It is to divert the rent of land from private pockets, and put it into the public treasury, as advocated by Marx in the first plank of the Communist Manifesto.

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INTEREST—A NATURAL ECONOMIC REWARD

By E B DONOHUE

The curse of all discussions on economic matters is the confusion that prevails between what is social and what is mutual and nowhere is this confusion more evident than in discussions on interest where it has inhibited great minds from seeing the truth about its nature as a natural share in the distribution of the social produce. And it is clear from his article on the subject of interest (G.G. August) that Mr A R Cannon has fallen victim to this curse when he is forced into the unhappy conclusion that interest cannot be seen in a clearer light unless the idea of a reward for capital's part in production is discarded.

The economists of the nineteenth century faced a similar dilemma when the word wealth proved a real plague to their economic theories because they could not agree on how it should be defined. They took the easy way out suggested by Mr Cannon and decided to drop the term, a move which prompted Professor Perry in 1866 to express the frank opinion that 'happily there is no need to use this word. In emancipating itself from the word wealth as a technical term, political economy has dropped a clog and its movements are now relatively free.' The term was actually dropped about 1900 and since then political economy has moved in a way strongly suggestive of that freedom which comes to a

yacht that has dropped its keel. Elsewhere Mr Cannon observes that 'unless someone can come forward with a new 'reward' theory interest cannot be considered as such'. Fortunately through his profound concept of the body economic, the late Dr H G Pearce was able to do just that, when he completed the segment on the laws of distribution which Henry George, through his untimely death, had left unfinished in his text book *The Science of Political Economy*. Pearce not only formulated and illuminated the theory of market distribution of wealth but also the mechanics whereby such distribution was effected through money-price into rewards of rent, interest and wages.

To study Pearce is to become convinced that without a grasp of his reasoning on price and value and his analysis of how rent, interest and wages are distributed, it is impossible to gain an adequate understanding of the unique concept of a natural economic order envisaged by George. And without such understanding in this age of economic lunacy, it is even more impossible to make an effective presentation of the Georgist proposition to a bewildered public. Hence it is a great pity that the Georgist movement in this State, through lack of wisdom and the failure to appreciate the enormous significance of Pearce's enlightening contribution to economic thought, on the advancement of George's political proposal, has rejected the idea of publishing his great work. I present this brief outline of the nature and cause of interest as taught by our distinguished colleague in the hope that it will be helpful to those interested in the subject.

In the economic sense of the term production requires not only labour—the exercise of reason and will in the exertion of man's powers and faculties—but also another exercise of reason and will through the investment of his products (capital) as an aid to further production. Both of these productive actions are induced by the rewards which society offers as a natural result of our natural social impulse to save effort through exchange. This was one of the great truths glimpsed by Adam Smith when he observed that the fundamental causes of the wealth of nations are: labour, investment of capital (stored labour) and association of producers (division of labour through trade). Unfortunately, his successors departed from this formal viewpoint and became obsessed with a technical viewpoint that was economic only in the material and not the formal sense. The result was that they fell into the error of starting their development of political economy from 'factors' of production called land, labour and capital which necessarily commanded rewards of rent, wages and interest. This erroneous concept opened the door to all the muddle and intellectual lumber that has since degraded political economy to the level of a pseudo science as the Marxists rightly inferred that as