

THE reason why I have talked of power at this point is to show how close the connection is between power and production and how both problems may be solved together. The slave-owner, for example, wants slaves only because he can enjoy the fruits of their labour, and land monopoly is merely the indirect means to a new kind of slavery. The important thing is to discover scientifically, the conditions under which, quite naturally and by a general law, power will not accumulate into the hands of the few; and to understand scientifically the unnatural which lies at the root of power. Men can see easily enough that it is not rooted in nature and they may well ask themselves from time to time when the mistake was originally made. This answer we are in a position to give.

We need not go very far into the history of civilisation to see that the problem just mentioned is a general economic and not an individual moral problem. Man is the producer, and land (or natural resources in the widest sense) is the source from which he produces and what he produces is wealth which in the economic sense means corn, houses, clothes, machines, etc., all the products by which he lives and builds up civilisation. If this be the origin of property, then the right of the individual to what he produces is the law of property and it can be violated in two ways — by interfering with a man's right to himself or by coming between him and the land. The first violation — slavery — has already been dealt with, but the second needs equal emphasis. The error of slavery has brought societies to ruin in the past; the equally grave error of landlordship does the same in the present and the equally grave error of Communism will do it in the future and for reasons which will shortly be given.

Now while many people see easily the unscientific wrongness of (privately) owning the factor in production which is man, far fewer are able to see the equally great wrong in (privately) owning the other source of production, which is land; this is the most crucial point of all. For if the land from which wealth is produced is "owned" by a limited number of individuals, then the landless are in a very difficult position. True, they can, in theory, themselves become landowners, but as they must "buy" the land with wealth produced from the land itself, it is plain that there will soon be a deadlock. Indeed, the ownership of land is an even more fundamental source of power than chattel slavery, since if land is free somewhere, slaves can (and often did) run away. Nor should we forget that the enclosure of land throughout the centuries was the real cause of the exploitation of labour which arose in the industrial areas. Deprived of their land the workers were simultaneously deprived of their bargaining power and were thus forced, by the alternative of starvation, to accept the long hours and low wages of new factories. Therein lies the whole history of exploitation.

We do not need to delve into the niceties of economics



in order to isolate the power elements in capitalism and socialism. All the reader needs to remember is that for the production of wealth to go on freely, both "man" who produces and "land" from which he produces, must be set free of any control outside nature. When I speak of the land being free I do not imply that it should be "nationalised" or "controlled" by any State, but simply that all land be made available on equal terms to all who wish to hold possessions. (1) By an act of this kind, which is fundamentally the restoration of natural law, and not merely a new act of legislation, the artificially impeded general law of nature would be restored and power would diffuse itself throughout the population in a completely natural way, just as by freeing the slaves the economic law of wages came into operation. (It must be said, however, that since the freed slaves remained landless, the law of wages was operating in a hostile environment.)

Reverting to our simple fundamental statement that men on land produce wealth we can extend this by incorporating wealth itself, previously produced, as a third factor in production (capital). Thus wealth is distributed in a natural operation among these factors of production.

LAND		RENT
LABOUR	WEALTH	WAGES
CAPITAL		INTEREST

If for example a boot factory is erected, the wealth it produces each year is divided theoretically into so many boots for the worker as wages, so many boots for the investors as interest on their capital and so many boots as rent to whoever happens to own the land. Observe again that it is not the individual capitalist who decides the rate of interest, not the individual worker who decides the level of wages, nor the individual who owns the land who decides the level of rent. All these things are decided not by individuals in a particular place, but by the general mass of capitalists, workers and landowners, the higgling of the market of the classical economists. They are the result of economic law and if, as so often happens, the level of one section seems to be unfairly depressed in

(1) This would be achieved by the payment by landholders to the community generally of the economic rent of land.

NATURAL LAW THE DISTRIBUTION OF WEALTH

By F. McEachran

favour of another, the reason in the last analysis will be in some factor or factors which are impeding the natural process. Let us imagine, purely for example, that the above mentioned boot factory produces 10,000 boots per annum, of which 2,000 go in rent to the landowner, 4,000 in interest to the shareholders and the remaining 4,000 as wages to the workers. What is it exactly in the law of competition which lays down that this proportion and no other should be the right proportion? The strict answer is, of course, supply and demand; but the simplification, true as far as it goes, breaks down before the further question: supply and demand on what background — freedom or monopoly? If, for example, the workers are actually owned as chattel slaves by the shareholders, the proportion of boots assigned to keep them alive would be the absolute minimum for subsistence and the rest would be divided, though of course not equally, between rent and capital. Again, if the boot factory had grown up on a background which allowed men who were originally peasants to decline to work at cotton spinning unless it offered a better life than farming, the inducement in boot wages might have risen to 7,000. The level, however is "4,000", somewhere between the complete slave unfreedom and the half-freedom of modern capitalism. *What the right level is, of course, can be decided only by the market under complete freedom.* There is no other criterion but that.

The important point to bear in mind is that where capitalism went wrong in the nineteenth century was in developing big business on an unfree background and so never providing itself with an adequate market. Instead of a natural law which brought wages to their highest level with each successive improvement in production (new inventions, sources of supply, etc.) and incidentally gave the capitalist a market to buy his goods, the law was inverted so completely that wages tended to sink always to subsistence level. And no amount of power at the top (factory laws, minimum wages, etc.) nor collective bargaining at the bottom (trade unions, strikes, etc.) have ever really availed to restore the conditions which the natural law would have freely given.

We have seen that the background of exploitation in the nineteenth century was the land enclosures which upset

the natural law of wages and it was these, or similar interferences which affected the rent of land. Rent is simply the bare land value apart from improvement and it tends to rise in value when people congregate on sites (as in towns) and to fall when they spread themselves out (as in the countryside). This is a natural consequence and must always be so, since rent is simply the index figure of the value society attaches to any particular site. Competition for sites on which to produce, for whatever purpose, whether agricultural or commercial, naturally sends up the value and the greater the number and efficiency of the competitors the higher will be the general rental level. Since it is the presence and activity of people which makes the rent of central London per square yard higher than the rent per square yard in central Norfolk, *this rent value is really a social value* and should be collected by the very people who create it, according to the same law which justifies the labourer collecting his wages, and the capitalist his interest.

Thus we have:

1. LABOUR WAGES
2. CAPITAL INTEREST
3. SOCIETY RENT

two of which, wages and interest, are *individual* values, the third, rent, a *social* value. So it comes about that by laws inherent in the natural structure the division in the act of enterprise which is always both private and public is made automatically by the general market. The wages of labour are fixed by natural law, the rent of land is fixed by natural law and the interest on savings used in production is fixed by natural law. No state need take any part in this process. It is independent of government, and will regulate the relations of men producing in the best possible way. On the other hand, if the rent of land falls into private hands, whether by a system of enclosures or any other system, then the whole comparative level of wages, interest and rent is likely to be dislocated. Under such circumstances the worker gets less than his actual contribution *and can take little part in the investment of capital.* Both the capitalist and the worker will have to compete for sites to live upon and to use their capital and labour upon. Finally, the landowner, who fulfils no function in owning land, will pocket the social value of rent and together with the beneficiaries of legalised privilege and monopoly supply most of the "surplus value" which in many disguised forms, is the real "enemy" of the Marxist theory. If we follow the history of British capitalism throughout the last century and scrutinise it from this angle, it will be easy enough to see what has been happening.

If we examine these three values of wages, interest and rent over a period of a hundred years, *real* wages are probably two or three times what they were a century ago, interest on capital is much the same, while rent has gone up a hundredfold sometimes (as in central London) a thousandfold, although it is also true that in isolated

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and Auditor General in his annual Report for 1960-61 on the appropriation accounts of the Revenue department presents a cloak and dagger report of fraudulent evasion of purchase tax in the gem jewellery trade, recently uncovered by the Board's officers. But frankly—without wishing to denigrate the work of the Board or the obvious necessity for ensuring compliance with the existing laws — our sympathies are with the jewellery trade. It is intolerable that those responsible for conducting business should have imposed on them methods of tax collection which require artificial distinctions as between one type of product and another. There can be no justification for indirect tax laws which create openings for evasion at every turn. The State has a moral duty not to make life more ethically difficult for its citizens than it is already: there are quite enough stresses and tensions stemming from biological, social and political relationships, without our having to cope with artificially contrived crimes imposed by short-sighted legislators.

Experience in such countries as France, Belgium and Germany clearly shows the danger of too much reliance upon indirect taxation: people get out of the habit of paying direct income tax: they adjust their personal expenditures to those goods and outlets which carry the smallest load of purchase or turnover tax, with consequent complications for the Governments concerned.

It is regrettable but an inescapable fact of experience, too much indirect taxation makes life far too easy for politicians and civil servants alike. The landmark set up by Hampden — “No taxation without representation” has, it is submitted, now been by-passed by the automation of purchase tax statutory instruments. Direct taxation alone brings home to people and to their elected representatives a personal responsibility for Government; a gradual cancellation and simplification of indirect taxes in the United Kingdom would bring back what we have lost during the past 25 years, a conscious and vigorous control of the public purse: for, as Emerson once said, the Englishman's religion goes as far as his bishop, and his politics as far as the Chancellor of the Exchequer.

THE RIGHT WAY of raising public revenue must accord with the moral law . . . It must not take from individuals what rightfully belongs to individuals; it must not give some an advantage over others, as by increasing the prices of what some have to sell and others must buy; it must not lead men into temptation, by requiring trivial oaths, by making it profitable to lie, to swear falsely, to bribe or to take bribes; it must not confuse the distinctions of right and wrong . . . by creating crimes that are not sins, and punishing men for doing what in itself they have an undoubted right to do; it must not repress industry; it must not check commerce; it must not punish thrift; it must offer no impediment to the largest production and the fairest division of wealth.

—Henry George in “The Condition of Labour”

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cases it has gone down in value. There is a dislocation here which may have had an effect on social and international relations of a most far-reaching kind. For capital, as we know it today does not, except in small part, really come from thrifty human beings who carefully save up part of their wages, but from other sources which, however disguised, betray a monopoly background.

As we have never yet had a really free market but only approximations to it the reader may complain that the problem is largely theoretical. And in a sense, it is, but it is the sort of theory which may one day help us to implement truth.

Lastly, although it is a point which needs greater amplification than can be afforded here, the very State power which allows rent to fall into private hands takes taxes from individual wages and interest as a substitute for the rent not collected. If then the anxious worker who sees the capitalist society around being slowly discredited, despairingly looks to Socialism for help, he should bear in mind that capitalism in its true sense has never been tried. The history of capitalist bankruptcy in the nineteenth century ought to prove that this world has not been a paradise for unaided and competitive capitalists. But in a world where labour was in permanent demand, where wages tended always to rise rather than fall by the ordinary working of competition, where new enterprises could find cheap sites and a rich market with no fear of oppressive rates or taxes, the worker would not feel oppressed or insecure. He could also enjoy freedom, which is what the socialist State can never offer him.

Hence we have today throughout the civilised industrialised world a situation far removed from the human natural law. We have a system in which public values fall into private hands and where individual values are heavily drained by taxation so that production and trading are constantly in difficulties. We have an even more powerful paternal State which endeavours to help the poor to live when they cannot help themselves, and so *ipso facto* is compelled to augment its own power. And we cannot help feeling in the midst of our growing unfreedom, and our growing need of State help, that it was precisely the State that in the remote beginning first arose as an expression of monopoly power. The modern State dates from the land enclosures of the Reformation and it is forced by its very structure to go on developing more power. (1) But always we must remember, it embodies the evil it wishes to cure and incorporates in itself the monopoly it tries to palliate. But even with the most rational and enlightened State help, with the great figures of monopoly capitalism controlled or heavily taxed, or even swept right away and public weal in the socialist sense prevails, we are still far off the natural path to freedom and justice and are merely following another path to ruin.

(1) This is of course an over-simplification. The State existed in England before the Reformation (in a much weaker form). My point is that the State, as we know it, can be conveniently dated from that era.