

# Lessons from History in the U.S.A.



BY ROBERT MILLER

*The Consumer Society—A History of American Capitalism*  
by Peter d'A. Jones. Penguin Books Ltd. 6s.

THIS is not exactly a bedside book, but, come to think of it, it is the most enlightening "western" I have ever read. Even the cacophony emanating from the TV room faded and diminished into nothingness as I plodded on. I had often wondered what all the feudin' and shootin' was about. Now I know.

Mr. Jones has performed the difficult and delicate task of presenting to us in a volume of less than four hundred pages a surprisingly comprehensive review of the economic, social and political life of the United States from the late eighteenth century to the present day. Moreover, he has done so in such a way as to show the interrelating significance of the exploitation (in more senses than one) of virgin territory, industrial expansion, tariffs, chattel slavery, poverty, war, "boom and bust."

We see how the abundance of land and resources actually retarded the growth of American towns — leading to a widespread dependence on Europe for a whole range of consumer goods — although securing for the workers real wages of from 30 to 100 per cent higher than those in Britain. "Poverty was the exception rather than the rule . . . there was always plenty of land and an open frontier."

The distribution of land was always a problem. Under the Land Ordinance of 1785, for instance, the basic unit of sale was to be the square mile lot (640 acres) at one dollar an acre. This low price, however, coupled with the amount of land required to be taken, was too great for small farmers to handle. Privately organised joint-stock land companies were formed and bought up huge parcels of land — up to five million acres each. Not only did these land companies profit handsomely, but as big purchasers they were able to demand that Congress provide orderly government in those territories to attract settlers and so speed up the re-sale of land.

It is interesting to note, also, how railway construction often preceded settlement, the railway companies themselves organising migration from the East and from Europe to the areas flanking their lines. Enormous land grants were made to the transcontinental lines after the Civil War, and it is shown how to connect these facts with the wild land investment bonanzas and their subsequent collapses.

As the Northeast (the eastern seaboard and its adjacent territory) became industrialised and built up, vested interests "generally favoured high-priced public lands and

feared a labour shortage might be caused by the westward drain of manpower if the government made land too easy to buy. On the other hand, north-eastern businessmen did not want Washington to make so much revenue out of high-priced public land sales that the government would no longer need or favour high tariffs. So they cleverly demanded that land should be more highly priced, but that the profits from land sales should be allocated to individual states on the basis of population."

As to the Civil War, there is not space to discuss at length even one of the causes, but "patterns of monoculture in Dixie failed to bring about sustained regional economic growth. For example, over-concentration on cotton, rice, or tobacco production restricted the proliferation of division of labour and growth of specialised skills in other sectors of Southern economic life; and this inhibition, taken with the legal enslavement of over one-third of the total population, kept large numbers of people virtually outside the market economy." Thus the South, in being forced to pay tariffs, was literally subsidising Northern industries.

Speaking of war, it is ironical, indeed tragic, that much of the expansion and development of the United States has been due to conflicts raging elsewhere. "From 1793 to 1807" says Mr. Jones, "real income per head . . . reached levels not later regained until the mid-nineteenth century. Did it not depend entirely on the fact that Britain, France and the rest were totally occupied with wiping each other out . . . ? Each threat of peace brought economic setback." In 1846 there was the Irish potato famine and the urgent British demand for American foodstuffs; also in the 'forties and 'fifties Anglo-Chinese wars threw part of the China trade out of British and into American hands. The poor harvests in India and Europe in 1896-7 provided another outlet for American abundance and a trade stimulus, the Great War of 1914 geared American industry to unprecedented activity, and as to 1939, it is impossible to disregard the positive stimulus that that war's outbreak gave. One can, of course, say much the same thing of the other belligerents in that upheaval, initially at any rate, since they were all still floundering in the shallow end of the worst depression of the century.

"Does a financial crash cause a depression?" asks Mr. Jones. "The answer usually is No. Most stock-market panics seem to follow rather than to initiate downward trends in the wider economy; there have to be *fundamental weaknesses* in the economic structure for the panic to exploit." How very shrewd. And shrewd also is his message to Malthusians: "The population expert is a professional pessimist and the (rather ineptly styled) population 'explosion' since the 1940s has brought us a crop of neo-Malthusians, scared and stimulated by the spectre of dwindling world food supplies. We would be foolish not to listen to them, but unimaginative not to look around for *some factor they might have again ignored.*" The italics in both these passages are mine.

"THE OWNERSHIP OF LAND," wrote Henry George in *Progress and Poverty* "is the great fundamental fact that ultimately determines the social, the political, and consequently the intellectual and moral condition of a people." That it is the poverty springing from the monopolisation of land, not the productivity of land nor population growth that is at the root of hunger, is a lesson yet to be fully learned. In spite of the vast effort of the Food and Agriculture Organisation of the United Nations in recent years, the problem of hunger in many parts of the world remains as intractable as ever. The latest report from FAO, October 1965, confesses that "food gains of a decade have been wiped out by population growth." It also says, significantly: "Preliminary estimates show the production of food per person in 1964/65 over the average of the years 1952/53 to 1956/57 rose in the developed countries by 14 per cent, but in the developing lands by only one per cent." But this is not simply a matter of productivity alone. If a poverty-stricken people cannot give anything in exchange for the extra food they need it will not be produced.

The relationship between land ownership and hunger is a recurrent theme in *The United Nations at Work*\* published last month, but it is not intended by the author that this point should receive the greatest emphasis. Indeed, the main theme of his book is concerned with technical assistance to aid food production, giving the impression that this provides the primary answer to the problem of world hunger. Whatever the political reasons for aid to underdeveloped countries (and there are some), one cannot but be impressed by the genuine concern of the many administrative workers battling with formidable technical problems in order to increase the productivity of land.

It must also be conceded that in certain parts of the world ignorance, superstition and poor land are factors that contribute to the problem. But when this has been said, the larger problem remains.

The need for land reform is pointed out many times by the author: "There are many countries in Latin America, Asia, and Africa where, no matter whatever



else is done, agriculture will not thrive without thoroughgoing land reform and agricultural credit. To work assiduously a farmer must have incentive and that incentive must be either ownership of his own land or an adequate share of what he produces from his labour."

A little later, writing of the need to give industrialisation the highest priority in the field of agriculture, he

\**The United Nations at Work* by Joseph M. Jones, Pergamon Press Ltd. 21s.



qualifies its importance with these words: "Industrialisation is without question essential, but what is even more important is the productivity of labour... This will require land reform, and revolutionary changes in the attitudes to life and work of the masses of poverty-stricken peasants on the farms. . . .

"The FAO invested years of patient unspectacular effort promoting land reform... In many countries FAO regional officials and specialists have worked actively with the government not only in the preparation of reform legislation but in its execution." But what perhaps they do not realise is that the more productive land becomes, ultimately the higher goes its rent, nullifying much, if not all, of the value of technical assistance to the landless peasant.

Progress in Latin America is hampered by "antiquated systems of land tenure," and without reform "the overwhelming majority of the peoples in Latin America living on the land will continue on the margin of existence . . ."

The author tells of a visit to Rio de Janeiro where he met a group of young people from land-owning families whose "persistent subject was land reform." They were all in favour of it and one young lady admitted to the ownership of several thousands of acres of excellent land in the interior of Brazil. With magnanimity (and foresight) she invited its appropriation by the peasants. "They should take it. And they will take it. I shall scream and protest of course, but they will take it and they should take it."

In Chile the author met a rich man who owns and cultivates 1,500 acres of land inherited by his wife. This man has a running argument with his friend and neighbour who inherited, as did his father and grandfather before him, 10,000 acres of excellent land, part of which is completely unused and untended. "Rich, living on money invested abroad, the neighbour was clearly on the defensive." These may be welcome signs but the hard core of land owners is likely to resist to the last any attempts to take away its privileges.

The author, rightly observing the indignity and the doubtful value of simple give-away schemes says: "No country, no people, is happy or willing to be dependent indefinitely upon the charity and caprice of others for the primary necessity of life. Basic food, if nothing else, they want to be able to produce or buy. Moreover, unless precautions are taken and limits observed, bulk give-away of food, other than in emergencies and for special uses,