

The Critics Criticized

By JACOB SCHWARTZMAN

VIII

THIS article will be devoted to Socialist criticisms of Georgeism. Our first objector will be Rev. F. M. Sprague, an intelligent, warm-hearted, talented writer, who, in "Socialism from Genesis to Revelation" (Lee and Shephard, 1893), criticizes George as follows:

1—It is not true that all the earnings of capital, save the meager returns obtained from the poorest land on which it is employed, are absorbed by rent. Nor is it true that rent absorbs all the fruits of labor above the margin of cultivation. Vast fortunes are piled up by capitalists where rent is an insignificant factor. Capital is everywhere, if not *facile primus*, a *particeps criminis* in this absorption.

2—George predicates his theory on Ricardo's Law of Rent. This law is incorrect for the following reasons:

(a) Ricardo says that the value of an object is regulated by the quantity of labor bestowed on its production on land that pays no rent. Such assertion is no longer true.

(b) It is not true that "the rent of land is determined by the excess of its produce over that which the same application can secure from the least productive land in use," that is, on land which can be had for nothing. How can it be true in a community where there is no such land? Most men live in such communities. Rent values are fixed, not by what the land will produce, or by any other one factor, but by the progress of society.

(c) Rent is not now based on "the original and indestructible powers of the soil." It is not based on agricultural lands or their fertility at all. There is no available land that can be had for nothing.

(d) It is not true that wages are fixed by the margin of cultivation. They are determined by the total produce of the worker, and today such wages are stolen by the capitalist, who appropriates the surplus value over and above the worker's means of subsistence.

(e) It is not true that interest is fixed by the margin of cultivation. It is all the way from nothing to 500 per cent. Today it is one rate, tomorrow another. The law that governs interest is about as fixed as the law that governs the course of a butterfly.

(f) "Rent," says Blackstone, "is a certain profit issuing out of lands and tenements corporeal." Rent, then, is not based on the soil alone, as Ricardo claims, but pertains to buildings and other fixtures which have become blended with the soil.

(g) Political economy has been too largely a system of *a priori* speculations that contradict the most palpable facts. The question of how rent arises has no more to do with practical economics of today than the question of how sin got into the world has to do with practical Christianity.

3—Land is not something different from capital. When an individual buys both, land stands related to industry in the same way as capital. Therefore, there being but two factors of production, labor and capital, there are only two factors of distribution: wages and interest. When the latter rises, the former fall. Therefore, George goes only half-way in his proposals to confiscate rent.

4—The plan proposed by George—that government should take forcible possession of all land by confiscating rent, thus robbing multitudes of landowners who have purchased and paid for their land, frequently with the savings of a lifetime of toil—is so repugnant to reason, so vicious in principle, it so outrages every sense of justice, that we are left to wonder how a head so clear and a heart so humane could suggest a measure so anarchistic and villainous.

A famous objection to George is posed by George Bernard Shaw in both "Fabian Essays in Socialism" (Walter Scott Co., 1889) and "The Intelligent Woman's Guide to Socialism and Capitalism" (Brentano, 1928) in the following way:

5—George's omission to consider what the State should do with a national rent after it had taken it into the public treasury stopped him on the threshold of Socialism. It will be found in the future as in the past that governments will raise money only because they want it for specific purposes, and not on *a priori* demonstrations that they have a right to it. What will the rent, lying idle in the national treasury, accomplish? At least, in the past, part of it went to the unemployed as charity; but under Georgeism, the poor people will be deprived of it.

Another argument is voiced by Norman Thomas in "The Choice Before Us" (Macmillan, 1934):

6—The single tax is insufficient as a cure to our agricultural problem, since it does not take into consideration what the farmer should buy and sell, nor makes any provision for either foreign or domestic trade, nor does it touch the farm debt.

* * *

The following are my replies:

(1)

What the author takes for the earnings of "capital" are in reality the "earnings" of monopoly. It is a common error to confuse the two. Thus, public utilities, tariff- and patent-protected industries, and huge landed estates—are all erroneously covered under the term "capital." The only times capital actually does make these vast fortunes is when it is backed by the private ownership of land. In such case, rent is the hidden factor, *facile primus*, and not to be belittled.

Rent *appears* to be an insignificant factor only in marginal and sub-marginal lands. Even there, however, rent (appearing also in the guise of mortgage interest) absorbs a great deal of the produce. (In the next article I will refute this point statistically and in greater detail. For the present, I again point to Gustavus Meyers' "History of the Great American Fortunes.")

(2)

(a) Neither George nor his followers believe that the value of an object is determined by the margin of production; therefore, attributing such statements to George is a misinterpretation of fact.

(b) George does not mean by "produce" a commodity of a kind similar to the one produced on marginal land. He means *total* production, which the reverend author calls "the progress of society." If New York collects more rent than some marginal wheatland, it is not because New York produces more wheat (since it produces none), but because its *total* is so much greater than the produce at the margin.

(c) Even if all parts of the soil are owned by a few individuals, a person will be a marginal worker by using the free

streets and highways for production. Peddlers, salesmen, and bootblacks are marginal workers.

Nor is it true that "there is no available land that can be had for nothing." According to League of Nations statistics, the world is very thinly populated, at a density of only 38.4 persons per square mile. While the best lands have been appropriated through private ownership, there are vast stretches of unused and unclaimed soil on this earth. And water, being part of land in the economic sense, constitutes in many parts of the world a margin of production.

(d) If wages are determined by the "total produce," how is rent determined? So much more is claimed as rent on superior lands out of the total produce than on inferior lands—the balance being left for wages—that it is difficult to see how the author can brush aside this factor. When capital assists labor, part of the produce is paid as interest, and the balance is wages. True, capital does not "exploit" labor by robbing the "surplus value." That would be true only if capital added nothing to the total produce. But capital can obtain only that to which it is entitled by its part in production.

(e) Because interest varies from day to day no more disproves the Law of Interest than does the changing number of falling bodies disprove the Law of Gravity. Natural laws always remain fixed; their manifestations alone vary. Wages vary as well, yet the critic accepts a Law of Wages!

(f) The fact that Blackstone and his followers combine interest and rent in one definition does no more change the function of each than would the grouping of the sun and the moon under the name "sun" change their respective functions. (For a more detailed discussion of this particular subject, see my "Rent in Jurisprudence," LAND AND FREEDOM, March-April 1940.)

(g) "Practical" solutions can no more cure our social ills than can "practical" medication cure cancer. We must get down to the root of the problem itself, which is: Why are wages low? The question of how rent arises does indeed have much to do with the answer, for it also involves the rise and fall of wages.

(3)

Merely because an individual happens to "own" land and capital does not obliterate the natural differences between the two any more than does the "ownership" of slaves and capital make the former part of the latter. Land is all the universe lying outside of man and his products. Capital is man's own product, derived from the use of the inexhaustible factor of land.

To state that Georgeism goes only half-way in its attempt to remedy social ills, is to imply that appropriation of interest is also necessary to the welfare of the community. However, there is a vital difference between rent and interest. To appropriate the former is to take that which is created by the

total community; to take the latter is to take the result of individual human effort. To collect rent is to encourage production by opening all lands to use; to collect interest is to discourage use of capital, and, therefore, production. To collect rent is to augment national wealth; to collect interest is to despoil individual earnings.

Capital does not "exploit" labor, since it cannot fix labor's wages. The latter is determined by the margin. The fact that capitalists and laborers fight one another does not any more prove "natural" antagonism than does the fact that laborers fight among themselves prove that labor "exploits" labor. Blind and fruitless hatreds are the natural results of a sick and poverty-stricken world.

It is untrue that when interest rises, wages fall. Both rise or fall together.

(4)

This is a peculiar argument for a Socialist. We have already encountered and answered it when it was interposed by the defenders of the status quo, but to find a fervent believer in Socialism employ it, is amazing, to say the least. How can Socialists, who believe in confiscating land and capital, be horrified at the confiscating of land values alone?

(5)

Even if there be no need for rents already collected, at least the collection would abolish speculation, and open productive lands to labor. This is, after all, the prime objective of the single tax. Must the fact that there is money lying idle in the treasury imply that the State must turn Socialistic, and employ laborers with such money—merely because it *must* be used? May it not remain in the treasury for *future* use?

However, there would be no such thing as "idle" rent. The rents would be used for social services, or might even be equally divided among the populace. It is not necessary to specify what rent is to be used for, once it is in the treasury. It is to be used for whatever public services are needed.

As far as the poor and unemployed are concerned, there would be none in a Georgeist society. If there were any, it would certainly be regarded as a public service to provide for them.

(6)

It is true that the single tax does not take into consideration what the farmer should buy or sell, nor with whom he should trade. It is also strangely silent as to how he should breathe, what he should wear, or how many children he should have. Such planning we may leave to the Socialists; they are famous for their man-made "natural" laws.

As to the farm debt, we take it for granted that it will vanish as a national problem under Georgeism. With all social barriers removed, a free society will leave private debts (if any) to the individual.