

## CHAPTER XVII.

### Karl Marx and Henry George.

At our last two or three talks, Doctor, we spoke of the habit of confusing natural instruments of production with artificial instruments, as if they were essentially alike because they are capitalistically interchangeable. And in that connection we spoke also of the historical transition from feudalism to capitalism. We were pretty well agreed, I guess, that most business men, as well as our socialistic friend down the street, not to mention our anarchist-communist neighbor over the way, fail to appreciate the fundamental and unchangeable difference between those two instruments of social service—the natural and the artificial. They have grown up with a mental habit of regarding both, when immersed in their interchangeable capitalized values, as possessing no differentiating characteristics. In business thought, capital is simply value, expressible with figures and money symbols on the pages of a ledger. Whether the value be of an artificial product of human labor, drawn with pain and sweat from the natural opportunities of the planet—"back-ache value," as John Z. White calls it, you remember; or of those natural opportunities themselves; or of the human laborer himself, makes no difference to men of the business type. Each being tradeable for the other on a common basis of value, each is capital to the capitalist if he needs it in his business.

Following this capitalistic line of thought, our socialistic friend also loses sight of the under-

lying distinction between artificial and natural instruments of production, and all appreciation of the difference in the natural laws that govern their respective social uses. Or, if he doesn't lose sight of the distinction, he sees it vaguely as the man whose sight was restored saw men at first as trees walking. Yet these essential differences persist, and they produce characteristic effects. And this they do, as I have indicated and shall try to show you further, whether the land is used under feudalism, with its distinct personal landlord class, or under capitalism, where class personality gives way to an impersonal landed interest masked behind the capitalistic mode of indiscriminate capitalization. Let me repeat, and repeat, and repeat, if necessary, that you cannot turn the planet, the natural instrument of production, into the same thing as capital, the artificial instrument, by capitalizing the two together. You can no more do it than you can change horses into cows by capitalizing live stock. Though they become interchangeable in trade, they are no more identical in fact than they were before.

But it is this indiscriminating capitalization, as I think, Doctor, that causes our socialistic friend to assure us, with entire good faith as both of us know, that monopoly of land, the natural instrument of production, has come to be of secondary economic importance to monopoly of capital, the aggregate of existing artificial instruments. Even if he had said that their economic importance is equal, we should have wondered. For how can temporary artificial instruments be of equal importance to the perennial natural source of all artificial products, artificial instruments included? But when he gives primary importance to these temporary artificial products, and only sec-

ondary importance to their perennial natural source, what is one to say?

Wasn't it as hard for you as for me to understand what he meant the other day when he asserted that if he had all the existing capital, and the workers had all the land, he could drive the workers off the face of the earth by refusing them the use of his capital? It truly did seem absurd to me, and I mean no disrespect whatever to him, for you know I hold him in high esteem,—but it did seem absurd that a monopolist who owned only capital could drive laborers off the planet, if the laborers owned the planet, merely by refusing to let them use the capital which they as a class had produced and as a class could easily reproduce.

But you see, Doctor, he didn't mean the planet when he talked of workers owning all the land. He meant only the parts of it that landlords own *as* landlords—as a distinct personal class. Don't you recall his figures in which he estimated land monopoly at so many millions, and capital monopoly at many millions more? Why, he left all sorts of landed property outside of his millions' worth of land, and included all sorts of landed property in his millions' worth of capital. He seems to have lost sight altogether of the land that capitalists treat as part of their capital; the land, for instance, that is represented in the stocks of land-owning corporations—such as mining and railway companies. It is no longer land to him, any more than it is to them. In our friend's thought, as in that of the capitalist's, all this most important land, this vital natural instrument of production—all of it inventories as capital. Though a natural instrument of production, it is tumbled indiscriminately into the same inventory with his artificial instruments. He may distinguish when you come down to definitions, but haven't you noticed how he drifts away when the

argument is resumed? It is the confusion which the capitalistic line of thought promotes, that gets him out of the main current of economic thought and into the eddies.

It would not be fair to our friend, however, to attribute his misapprehension altogether to his own heedlessness. Karl Marx as well as our friend sometimes seemed to lose his way in this wilderness of capitalistic thought, although I think that he really recognized as vital the distinction I have made. Let me read you from Marx's "Capital." My copy is the first English edition, published in 1889, a translation by Moore and Aveling from the third German edition, and edited by Frederick Engels. At the beginning of the first chapter, Marx writes:

The wealth of those societies in which the capitalist mode of production prevails, presents itself as an immense accumulation of commodities, its unit being a single commodity. Our investigation must therefore begin with the analysis of a commodity.

Now observe, Doctor, the subject of consideration here is wealth as found in capitalistic society. We are told that it consists of "commodities." So far, then, I find myself, as I have already explained to you, in substantial agreement with the great expositor of socialism. Capitalization makes a commodity of everything it touches. And now comes the Marxian analysis of a commodity. Listen:

A commodity is, in the first place, an object outside us.

Very good, provided "us" be understood as including only the acknowledged members of capitalistic society. For capitalistic industry might comprise chattel slavery, and then the slaves would be commodities, capitalistic wealth. A commodity would still be outside the members of the society, for slaves would not be accounted members; but

some commodities would not be outside of some persons, since every slave would be a person and yet a commodity. But of course Marx contemplated in his definition of a capitalistic commodity only such objects as are outside the acknowledged membership of capitalistic society; so this part of his analysis may go without criticism. A commodity, then, is an object outside of us. It is also, he continues—

a thing that by its properties satisfies human wants of some sort or another. The nature of such wants, whether, for instance, they spring from the stomach, or from fancy, makes no difference. Neither are we here concerned to know how the object satisfies these wants, whether directly as means of subsistence, or indirectly as means of production.

Well, Doctor, in view of our talks I reckon we'll both agree to that, won't we?

At this point Marx states his definition of use-values. We have had the same idea in considering the subject of desirability. He adds with reference to use values that they "constitute the substance or body or quality of all wealth, as distinguished from its quantity in terms of 'exchange value';" and then he proceeds to say that in the capitalistic form of society "use values"—

are, in addition, the material depositories of exchange value. Exchange value, at first sight, presents itself as a quantitative relation, as the proportion in which values in use of one sort are exchanged for those of another sort, a relation constantly changing with time and place.

After elaborating this capitalistic idea with some necessary detail, he concludes that—

the exchange values of commodities must be capable of being expressed in terms of something common to them all, of which thing they represent a greater or less quantity.

This common "something" he then ascertains by considering that—

as use-values commodities are, above all, of differ-

ent qualities; but as exchange values they are merely different quantities, and consequently do not contain an atom of use-value. If, then, we leave out of consideration the use-value of commodities, they have only one common property left, that of being products of labor.

Now, Doctor, if we stopped there Marx might appear to a careless reader as having made a false analysis. For he begins by defining commodities so as to include land—"an object outside us," don't you recall? which "by its properties satisfies human wants," whether "directly, as means of subsistence, or indirectly, as means of production,"—and he ends by distinguishing commodities as products of labor. But land is not a product of labor. If, however, you read the quotation a second time you will find that his intention is to show that it is value—not "use-value" but "exchange value"—which is the labor product. This interpretation is confirmed by his metaphysical reasoning that follows. It is, I should say, as if he had made his statement like this: "Considered as material substantial objects, commodities are, above all, of different qualities; but considered as values in exchange they are merely different quantities, and consequently do not contain an atom of material substance. If, then, we leave out of consideration the material substance of commodities, they have only one common property left, that of being products of labor."

To this idea we have already agreed in a way; and though only in a way, yet probably in the way that Marx meant. Since we accept the values of commodities as expressive of the irksomeness of labor which their possession will save, we may agree that in a metaphysical sense labor produces all value. There could be no value without commodities, and labor does produce all commodities except land. And while labor does not produce land, there is a sense in which it may be

loosely said to produce land values. For it is by the extension of labor forces to the use of inferior lands that superior lands become valuable.

That labor does not produce natural commodities, but that these are the source of production and not its results, Marx recognizes so clearly in his next chapter as to leave no room for cavil. I refer to what he says specifically of "use-values." By "use-values" he evidently means what I mean by artificial things, or "wealth"—the products of labor from land. Listen again:

The use-values, coat, linen, etc., i. e., the bodies of commodities, are combinations of two elements—matter and labor. If we take away the useful labor expended upon them, a material substratum is always left, which is furnished by nature without the help of man. The latter can work only as Nature does, that is by changing the form of matter. Nay, more, in this work of changing the form he is constantly helped by natural forces. We see, then, that labor is not the only source of material wealth, of use-value produced by labor. As William Petty puts it, labor is its father and the earth its mother.

If Marx had held tight to that understanding—something which he realized as true of all modes of production, whether capitalistic or not,—he would not have made so inadequate a use as he did of a certain significant Australian incident of which I shall read you in a moment.

But after this brief reference to "the bodies of commodities," which he describes as "combinations of two elements, matter and labor,"—accurately, if he means artificial commodities only, but quite inaccurately if he intends, as I am sure he does not, to include all objects outside us which directly or indirectly satisfy human wants,—he turns the whole force of his great intellect upon the ghost of commodities, upon the immaterial, unsubstantial, metaphysical, capitalistic concept of value as an abstraction from the objects valued.

And now, Doctor, let me read you the Austral-

ian incident to illustrate one of the effects of his having thus slipped his anchorage and gone sailing off into the cloudland of capitalistic metaphysics. In his thirty-third chapter, in the course of a discussion of modern colonization, Marx tells—here it is, on page 791,—of a Mr. Peel, who—

took with him from England to Swan River, West Australia, means of subsistence and of production to the amount of £50,000. Mr. Peel had the foresight to bring with him, besides, 3,000 persons of the working class, men, women and children. Once arrived at his destination, "Mr. Peel was left without a servant to make his bed or fetch him water from a river."

Now, what would you suppose that situation to imply, Doctor? Certainly; so should I. With plenty of good land all around, available for the taking, those "3,000 persons of the working class" could not be coerced by Mr. Peel, although he had £50,000 of capital and they had none. But what do you suppose is Marx's comment? Here it is:

Unhappy Mr. Peel, who provided for everything except the export of English modes of production to Swan River.

Now, Doctor, I don't intend to try Marx's philosophy by the test of one of his brief illustrative allusions. But doesn't it look as if he had got so far away from what he calls the "bodies of commodities" as to lose sight of the plain common sense fact that whether on Swan River or on the Thames, coercive power over labor really depends upon monopoly, not of the artificial, but of the natural instruments of production—of the *natural* ones?

Indeed, we might not unfairly assume that Marx himself so believed. When he writes of the unhappy Mr. Peel who provided for everything except the export of English modes of production



to Swan River, Marx may very well be interpreted, without doing any violence to his general exposition, as having meant that Mr. Peel had neglected to export land capitalism from England. Land capitalism is the capitalistic method of cutting off producers from access to the natural instruments of production—the *natural* instruments, mind you; and as land capitalism did not prevail on Swan River those servants of the Peel expedition were free. Mr. Peel could not coerce them with his £50,000 of capital. With all that land available to them, what cared they for the accumulated artificial instruments which Peel's money represented to the amount of a quarter of a million dollars? While that supply of artificial instruments would have been a convenience, it was not a necessity.

That Karl Marx did believe that coercive power over labor depends upon monopoly of land, not only under feudalism but also under capitalism, appears from a specific statement of his made as late as 1875, and published by his friend Engels in 1891. I find it in the *International Socialist Review* for May, 1908. It appears as part of a criticism of a socialist program made under the influence of followers of Lassalle. One sentence of that program had described labor as "the source of all wealth," and with reference to this declaration Marx wrote, as I find it quoted here at page 643 of the *Review*:

Labor is not the source of all wealth. Nature is just as much the source of use values (and of such, to be sure, is material wealth composed) as is labor, which itself is but the expression of a natural force, of human labor power.

Turn now to page 645 of the *Review* and you will find that Marx speaks in that way, not only of a period when feudalistic customs prevailed, but of the present age of production on a large

scale and with enormous artificial tools—of this very age of capitalism. For there he says, writing as late as 1875, remember—

In the society of today, the means of labor are monopolized by the landed proprietors. Monopoly of landed property is even the basis of monopoly of capital and by the capitalists.

Returning now to his book, "Capital," I find that the language of Marx last quoted merely confirms his earlier conclusion concerning the power of land monopoly to coerce labor under the present capitalistic system. In the last chapter of "Capital," on page 793 of my edition, Marx explicitly says:

We have seen that the expropriation of the mass of the people from the soil forms the basis of the capitalist mode of production.

However far apart Karl Marx and Henry George may be at other points, Doctor, they are close together at this vital point. Making allowance for their differing habits of thought and forms of expression, and getting down to their essential meanings, I should say that upon this point—the most vital one, it seems to me, in the whole industrial problem—they are absolutely at one. Take up that first volume of "Progress and Poverty," over there, and read George's remarks upon the confusion under capitalism of natural with artificial instruments, of planet values with product-values, of land with capital. You will find it in the chapter on spurious capital at page 189:

In the speech and literature of the day everyone is styled a capitalist who possesses what, independent of his labor, will yield him a return, while whatever is thus received is spoken of as the earnings or takings of capital, and we everywhere hear of the conflict of labor and capital. Whether there is in reality any conflict between labor and capital, I do not yet ask the reader to make up his mind; but it will be well here to clear away some misapprehensions which confuse the judgment. Atten-

tion has already been called to the fact that land values, which constitute such an enormous part of what is commonly called capital, are not capital at all.

I could give you numerous other quotations, showing that George insisted upon distinguishing the natural instruments of social service from the artificial ones under all circumstances, and that he recognized the evil powers of capitalism as springing fundamentally from land monopoly disguised as capital. But it is unnecessary, for that was the key to his solution of the social service problem, and you may read it at leisure in his books.