Henry George and Karl Marx

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As the title of this address may suggest too extensive a range of subject, I will begin by stating more concisely the points I wish to make. These are three in number and start with a general remark on capitalism, its relation to Liberal* and Marxist policy, and the respects in which the Communist attitude differs from ours. The second is a study of the mentality of Henry George and Karl Marx on the background of economic environment and the possibility, arising out of this, of explaining Marxism in a new way. The third is the Marxist dialectic and its relation to social history, in particular its relation to our own point of view and future development. These three points are bound up closely together and form a definite whole, explaining the real character, not always realized, of world conditions at the present day. If the conclusions drawn seem somewhat pessimistic, I will allege the events of recent times and point out that if an element of truth is ascertained, then something positive is achieved. More than this we cannot claim to do.

Modern capitalism, as we interpret it, failed to develop along sound and normal lines owing to a very simple reason. This was the failure, in post-feudal times, to collect land values for revenue and the consequent creation of a population permanently unable to buy the wealth it produced. The manufacturer, bent simultaneously on depressing wages and on selling goods,† was never able to solve the contradiction and in consequence was forced into a constant and chronic search for markets. A solution was found in the nineteenth century in overseas expansion, export of goods, capital and men, culminating at the present day in the "imperialism" of modern capitalistic Powers which has been so fruitful a cause of war. To-day the spectacle of the Japanese in Manchuria and of the Italians in Abyssinia may help to remind us, somewhat starkly, of our own past development and suggest, perhaps too late, what the world is really like. There are now no new markets, and, short of opening up the moon, a limit has come to expansion. So the crisis comes home to stay and under various rubrics, Nationalism, Fascism, Hitlerism, etc., is with us everywhere.

With this simplified analysis of the tendencies of capitalism the Marxist would in the main agree, and it is only in the diagnosis of its character that a radical disagreement arises. For where we make a fundamental distinction

* The word Liberal is not used in any political party sense but as describing the point of view of those who hold that the economic problem can be solved without the dictatorship of the state.

† A contradiction "discovered" recently by Major Douglas. His "social credit" remedy is like mending the roof of a house when the ground is giving.

between " wealth " and its source, between perishable " goods " (food, clothes, houses, machines, etc.) and imperishable " land," the Marxists fail to make any distinction and approach the problem from the angle of value pure and simple. Again, where we attribute the defect—and the only defect—of capitalism to the private appropriation of land values, they attack capitalism root and branch and regard it as fundamentally unethical. Analysing it briefly as—

(1) private enterprise ;
(2) investment (use of savings for further investment) ;

we maintain that it is perfectly ethical and that its apparent defects are really due to an external cause, *i.e.*, a foolish system of land tenure. All values in the long run accrue as rent and although the superstructure of modern capitalism conceals the fact, vast accumulations of finance capital depend finally on land values. Granted therefore the public appropriation of land values, capitalism in its essence would still remain, but so changed in range and manner of operation that the first to derive benefit from it would be the worker and the worker, moreover, as an individual. What the Marxists call " surplus value " and what is really an effect of land values accruing privately would return to the worker by the ordinary forms of competition and by means of a constantly rising level of wages. All this, however, the Marxists are prevented from seeing for historical reasons and they go on to condemn all forms of private enterprise and all interest on private capital, so coming to the erroneous conclusion that the social urge has primacy over that of the individual. Hence to a large extent their condemnation of Christian ethics, which are primarily individualistic, and their substitution of relativistic codes, varying from social level to social level.* They are right, of course, in pointing out that the *laissez-faire* of the nineteenth century led to enormous evils, but the reason is not the one they allege. Far from being too *laissez-faire* the nineteenth century was not *laissez-faire* enough and it is possible that in pointing this fact out we may perform a service of the greatest importance.

The history of the nineteenth century was distinguished by the presence, almost contemporaneously, of two famous economic philosophers, Henry George and Karl Marx, each of whom diagnosed in his own way the economic situation of his age. Both were original in thought and both were influenced by the age they lived in, most of all by a certain difference of environment. But before following this point up, let us notice that the free market in goods and ideas, which we regard as the fundamental basis of the Liberal outlook, was the background for both Marx and George and without its wide horizon and immense factual knowledge Marx himself and his work would be inconceivable. For this reason, if for no other, the contempt of the Marxists for Liberal thought is, to say the least, ungrateful. The point is small, yet suggestive. It may undermine the absolutism of Marxist theorizing.

To return to the economic argument. The Liberals claim and even Marx himself agreed, that the fundamental basis of exploitation was historically land enclosure and that if the land had been really free no monopoly of " surplus value " could have grown up. Now the environment which Marx grew up in during early manhood (Central Europe) and that which George

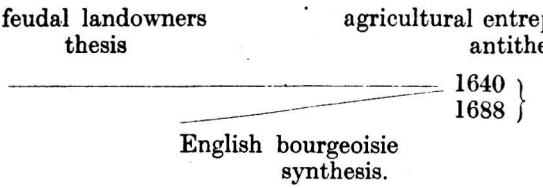
* Christian ethics tend, unfortunately, to " assume " economic freedom as an axiom often when it is conspicuously absent.

was brought up in (America) differed precisely in this point of the land question, and we shall see on examination how significant this is. For Henry George, living in an America still half empty, saw the obvious and only means of preventing monopoly and saw it, historically speaking, only just in time. What had escaped Adam Smith, what the Physiocrats in semi-feudal France saw only vaguely, what nineteenth century England could never have seen of itself, that was seen and could only be seen in half-empty, yet industrialized America. For America is unique in modern times in one single respect, namely that there alone for a time competition between labour and capital was weighted on the side of labour and conditions were to some extent free. Land was cheap and labour was dear, and in consequence labour poured million-fold into this land flowing with milk and honey. The outcome of this we now know, having lived long enough to see. For almost a century America was the land of the free, the land of unlimited possibilities, the inspiration of a Walt Whitman and of a Mark Twain, and remained so, roughly, till the frontier reached the Pacific. These days are over now and over for good. The literature of America is no longer optimistic and no one knows what the future holds.

It was otherwise with Marx. Born into a land-locked Europe, where industry was founded on a basis of unfree land from the start, where bargaining possibilities had never really existed for the worker, it was natural that he should draw conclusions very different and of an anti-individualistic nature. Capitalism, with its private enterprise and interest on investment (behind which the land value problem was completely concealed) with its ruthlessly unethical attitude towards the labour it exploited and which no economic law seemed to protect, appeared to Marx like a monstrous caricature of a " system " and without examining fully the assumptions behind this judgment he rejected the Liberal hope. Nothing short of a workers' revolution, in the conditions prevailing, seemed to him to offer any prospect for the future and on this basis he worked out his economic theory. Yet even Marx, thinking the matter out more fully in the third book of *Das Kapital*, seems to realize the implication of the early land enclosures and either did not live to drive this point home to his followers, or found the historical position too hopeless to make it practicable. Hence the present situation and the development of the Marxist dialectic, which is the third point I wish to make.

This is, of course, no place to discuss the infinite ramifications of the Marxist dialectic as developed from Hegel and Marx down to Lenin and Stalin and I shall confine myself to a few salient examples. According to the philosophy of *dialectical materialism* the movement of history (like the movement of everything else) proceeds on a definite pattern of thesis, antithesis and synthesis, the thesis being the beginning of a movement (such as feudalism), the antithesis its breakdown and transformation (at the time of the Renaissance and Reformation), and the synthesis the new movement evolving out of it (in this case the economic society of the seventeenth and eighteenth centuries in England). As regards the cause of this movement the Marxists find its *mobile* in the material means of production, any change in which of a radical kind leads finally to a revolution, peaceful or otherwise, in the political and social structure. As an example of the way this interpretation of history works out, I can point to the English rebellion of 1640 and the revolution of 1688 where the change in production, since feudal times, first expressed itself in political forms. Fundamentally the new agricultural entrepreneurs and their

allies the merchant bourgeoisie who made their wealth by means of large sheep runs and export of wool, etc., were wresting political power from the now effete feudal landowners. The following diagram will illustrate this :—



Similarly, the French bourgeoisie, uneasy and resentful under the weakening yoke of a France which was still feudal in form, forced their way to power in 1789 even more violently than the English and established a new equilibrium. In our own time the Russians have effected in quick succession two major revolutions (March-November, 1917), first a bourgeois, then a workers' revolution, thus catching up and also outstripping, in their own estimation, the nations of the West. For notice, the same inevitability or destiny which change in the means of production brought about for the bourgeoisie in the past, is now working for the proletariat and cannot be evaded. Capitalism, in order to be more efficient, must continually concentrate. Concentration in its turn implies bigger plant, vaster congeries of workers, and massed workers, in the end, mean revolution. Finally the day comes when the workers, properly organized, find themselves so numerous that the revolution occurs almost of itself. This is what happened in Russia in 1917 where in proportion to their numbers, the workers were massed in fewer factories than anywhere else on earth, not excluding America. So Russia, having stolen a march on the rest of the world, now waits for our revolution to follow hers. Evolution is for it, destiny is for it, we are doomed.

Obviously, for us who still believe in human freedom there is no certainty in this prophecy, whatever other elements of truth it may contain. Yet it behoves us to examine carefully the implications of the dialectic and to use for our own purposes the parts which affect us. In the first place we must note that Marxist Communism, in the light of past experience, does appear to be the culmination of the evolution of a century, even if, in our opinion, it is an undesirable culmination. The growth of land monopoly (increase of private rent values), of tariffs, of quotas, of currency restriction, of taxation, etc., widening and hardening hindrances to production, leading to great relative poverty and unemployment—all point in the same direction. The worker, unable to find work, and the employer, unable to sell his goods, both appeal to the State and find in it their only salvation. What is surprising then in the point of view of the Communists, which sees no hope apart from the State and in its name seizes everything, removing completely the whole Liberal foundation ? Having failed to break monopoly in its inception and to make the individual self-supporting the only alternative is to " go the whole hog " with the power of the State. It is true that Marxism is ultimately " anarchic," claiming that the State will wither away, but this implies a corresponding economic basis, which the Marxists as yet have not supplied. What is certain is that in Russia Liberalism, as we know it, is dead, and once dead it cannot easily be resurrected. Stranger still, in England itself, once its greatest

stronghold, it is dying, too, and here is where the dialectic can really teach us something.

The question has often been put to me and no doubt to many of you also, what is it that has prevented Georgeist principles from finding rapid acceptation in all parts of the world, when to most of us—and we are not cleverer than other people—they seem so obvious and self-evident ? Or again, we might ask, what is it that has prevented Liberal statesmen after many opportunities from effecting more than a minute proportion of what they hoped to effect and which has even brought the world, in this year of grace 1936, to the pass it is now in, steadily moving towards a renewal of conflict ? For notice, not only are we making practically no advance but also we are definitely retrograding, the loss of Free Trade being, when all is considered, the blackest day in Liberal history ever known. Already to many observers, the epoch 1832-1932 from the Reform Bill and the Repeal of the Corn Laws down to the crisis of four years ago when Free Trade and the Gold Standard were abandoned, is an epoch which is over and done, the epoch of Liberal politics, of toleration and of humanity—the one great age in history when the world lived in immense hope. What is it then which has caused England, the one hope of an internationally-minded world, to deflect from its position as leader in Liberal thought and economics—what is it, I ask, but this same *dialectic* of the Marxists which slowly but surely reveals a history moving against us, cutting the very ground from under our feet ? Internal monopoly, lack of buying power, State quotas, marketing boards, subsidies, etc., have created in Britain and are creating not only vested interests which will bring us to ruin in the end, but also what is perhaps even worse, a mental bluntness or warped thinking which makes unprejudiced discussion almost impossible. Most of us, in endeavouring to explain the general point of view of Liberal economics, must have noticed an increasing difficulty since the crisis and even a growing opposition, so that even the Free Trade position, so obvious and convincing in itself, is now no longer accepted.

I venture to prophesy here and now that the opposition and the difficulty will increase steadily in the future.

We have seen recently the fall of what was, if not Liberal government, at least civilized government with democratic tendencies in the whole of Central Europe and we are in no doubt as to the cause. I remember once in Buda-Pest a very old man making to me in a comment on the post-war situation, the following remark : " When a country is still young, as America was a century ago, then the Georgeist solution is not wanted, the land is still free and labour is in demand. On the other hand, when a country is old, like this Europe of ours, then it is too late and no radical change can occur. The vested interests are too strong and all that can happen is decay." This is a comment which I think exaggerated, but it contains an element of truth and may remind us at least where we stand and the historical rôle we play. On the one hand we have monopoly growing in the West, leading gradually to fanaticism, poverty and spiritual decay, and finally Fascism. On the other we have Soviet Russia, where private monopoly, it is true, is broken, but where another more powerful has arisen in its place, that of the State. No one will deny the sincerity of Communist principles and the honesty of their belief in future freedom, but we cannot help seeing, in the whole evolution of present-day life in Russia, the development of precisely the opposite tendency. For in

Russia to-day conditions are being created, and at terrific speed, which by their own nature and future development demand centralized control and must always do so, and from which it is inconceivable that freedom should arise. Huge towns, rivalling and out-distancing London and New York are not, in our opinion, the right way to solve the age-long problem of town versus country, and a " planned " and " concentrated " industry, after all, is the culmination rather than the negation of capitalism. Finally, in between the Fascist and Russian opposites we have the despised Liberal policy which alone offers not only the abstract hope of freedom, but also a concrete, if difficult, way of achieving it. There are, in our terminology, two sources of wealth and no other, land and human beings, and in the free interplay between the two, wealth arises. For many centuries chattel slavery was a legal and moral institution, declared and pronounced by economic experts to be absolutely necessary. Later, slavery was found unnecessary and one of the sources of wealth was made free. The other source of wealth—the more passive one—is still held in bondage by a foolish economic system and it may remain so for years to come, but only when it is free will a free society arise. In conclusion, I would like to say that the Liberal tradition now suffering eclipse is the oldest and best in the world and if it collapses there is nothing, positively nothing, which can be put in its place. Freedom of the intellect comes from the Greeks, of the spirit from the Christians, and both are rooted in the freedom of matter, the incarnation of the immaterial in the material world. Free the body and the soul may flourish. Trap the body and the soul may wither. The ancient world, with all its cultural splendour, died of the slave monopoly of Rome : let us beware lest our own die from a similar cause.

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