

Economics for Workers

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ECONOMICS FOR WORKERS. RENT.

MARX deals with rent, like all other subjects, from an evolutionary basis. The subject is elaborately analysed through its evolutionary process from primitive labor rent up to the complicated money rent of today.

He points out that, "Labor Rent is the simplest and most primitive form of rent." This rent is the original form of surplus value. The identity of surplus value with unpaid labor of others does not need to be demonstrated by any analysis in this case, because it existed in a visible form, for the labor of the direct producer was separated by space and time from his labor for the landlord, and this labor appeared in the brutal form of forced labor for another. "In the same way the 'quality' of the soil to produce a rent is here reduced to a tangibly open secret, for the nature which here furnishes the rent, also includes the human labor-power bound to the soil, and the property relation which compels the owner of labor-power to exert this quality and to keep it busy beyond the measure required for the satisfaction of his own material needs. The rent consists directly in the appropriation, by the landlord, of this surplus expenditure of labor-power. For the direct producer pays no other rent. Here, where surplus-value and rent are not only identical, but where surplus value obviously has the form of surplus labor, the natural conditions, or limits, of rent lie on the surface, because those of surplus value do.

"The direct producer must, (1), possess enough labor-power, and (2), the natural conditions of his labor, which means in the first place the soil cultivated by him, must be productive enough, in one word, the natural productivity of his labor must be so great that the possibility of some surplus labor over and above that required for the satisfaction of his own needs shall remain."

"It is not this possibility which creates the rent" ("Capital" vol. iii pp. 919-920).

Following labor-rent comes rent in kind. Rent in kind is the transformation of labor rent and requires a higher stage of economic development. The direct producer is driven by force of circumstances rather than direct coercion, or by legal enactment rather than by the whip to perform surplus labor on his own responsibility. A surplus beyond his indispensable needs he now produces upon soil exploited by himself and no longer upon the Lord's estate outside of his own land, as under labor rent.

The producer is master of the employment of his whole labor-time although part of his labor-time belongs to the landlord, only the landlord does not get this surplus value in its natural form (labor) but rather in the natural form of the product in which the rent is realized.

The labor of the producer for himself and his labor for the landlord are no longer separated by space and time as seen under the system of money rent. Today we have reached the stage of money rent, which also entails a higher economic development.

The producer no longer turns over the product but its price to the landlord. Money rent is not only a reflex of a progressive economic development, but a transformation of the peasantry of a country into mere tenants, a freeing of the serfs. This transformation of rent in kind into money rent brought about the formation of a class of propertyless day laborers who hire themselves out for wages.

The surplus labor is not always separated into

rent and profit. Marx says: "Where capitalist conceptions predominate as they did upon the American plantations, this entire surplus value is regarded as profit." "In places where the capitalist mode of production does not exist, nor the conceptions corresponding to it have been transferred from capitalist countries, it appears as rent. The differences of soil fertility or the advantages to be gained over inferior soil, or locations for reaching the markets, are transferred to the landlord in higher rents."

Rogers in his "Political Economy" says: "The landowners in this country (England) whose influence was overwhelming in the legislature, were well enough aware that high prices of agricultural products involved high rent in land." This is why the landowners of Britain endeavored to maintain the corn laws. Rent in land is the surplus over and above cost of production plus average rate of profit.

If the average produce of a farm is worth £1000 and average cost of production plus profit \$800 the average rent infallibly would be £200 if let by open competition. Of course, like other businesses, exceptional skill or early adaptation of new discoveries may give one an advantage over another, but this becomes generally diffused and nothing prevents the excess finding its way to the landlord in the shape of rent. The same condition exists in the business centres as well as agricultural centres. If a trading house in one of the best thoroughfares of any city, through its location, does a good business the trader pays more rent because he recovers it in the business quality of the site. The same rule applies in coal mines. Marx says: "Mining rent, in its strict meaning, is determined in the same way as the agricultural rent. There are some mines, the product of which barely suffices to pay for the labor and to produce the capital invested in it together with the ordinary profit. They yielded some profit to the contractor, but no rent to the landlord. They can be worked to advantage only by the landowner, who in his capacity as a contractor makes the ordinary profit out of his invested capital. Many coal mines in Scotland are operated in this way, and cannot be operated in any other way. The landowner does not permit anybody to work them without the payment of rent, but no one can pay any rent for them." (Quoting Adam Smith, "Capital," vol iii, p. 900).

When Marx deals with Monopoly and Absolute Rent, he says: "If private ownership of land places obstacles in the way of the equalization of the values of commodities into prices of production, and appropriates absolute rent, then this absolute rent is limited by the excess of the value of the products of the soil over their prices of production, that is, by the excess of the surplus value in them over the rate of profit assigned to the capitals by the average rate of profit. This difference then forms the limit of the rent, which is always but a certain portion of surplus value produced and existing in commodities." "Just as the diversion of the newly added value of commodities into necessary and surplus labor, wages and surplus-value, and its general division between revenues, finds its given and regulating limits, so the division of the surplus value itself into profit and ground rent finds its limit in the laws regulating the equalization of the rate of profit." (Vol. iii, pp. 1003-1004.)

It is too large a subject to detail like Marx, but let us see how much the rents of houses are regulated by the same laws as regulate the average rate of profit. The average worker believes that every increase of taxes the landlord pays is added to his rent, and trades councils and other labor bodies talk about paying the taxes. A discussion in the New York "Times" a number of years ago during municipal elections was put very clearly. "Rents do not rise with taxes, if they did the owner would merely pass the taxes on to the renter and be rid of the subject." The next day Mayor Gaynor

in a letter to the "Times" quoted a message he had sent to the council the previous year: "Every landlord knows that he cannot add the taxes to the tenant's rent. If he could, he would not care how high taxes grew. He would simply throw them on his tenants." The landlords of Ottawa are aware of this as they invariably vote down money bylaws which would increase taxes.

The excuse made of increasing rents because of increased taxes can only be performed when houses are scarce and profit of investment in house building is too low to stimulate house building, making the demand for houses exceed the supply. This we have seen during the war period. Even Winston Churchill grasps some valuable facts in regards to rent. In his great liberal days and during Lloyd George's land reform campaign Churchill said: "If there is a rise in wages, rents are able to move forward because the workers can afford to pay a little more. If the opening of a new tramway or the institution of an improved service of workman's trains or the lowering of fares, or a new invention, or any other public conveyance affords a benefit to the workers in any particular district, it becomes easier for them to live there and therefore the landlord, and the ground lord, one on top of the other, are able to charge them more for the privilege of living there." I have illustrated this same condition in Ottawa where the plugs lived on the outskirts of the city to escape high rents. The car fare was reduced to 5 cents and building was stimulated, also tenants flocked out. The landlord was enabled to obtain the higher rents. During the war the car fare outside the city limits was increased to 10 cts, making the expense as high as renting in town, so that rents fell and the street cars are getting what the landlord loses. Therefore it is immaterial to the worker how the surplus is divided up.

The single taxer wants to eliminate the landowner by changing the system of taxation. The worker does not pay the taxes, so why trouble about them. No matter how they raise the taxes it comes from the surplus value which is exploited from labor. When Henry Ford increased his workers' wages there was such an influx of people seeking houses the landlord got all the increase. A better understanding of rent amongst the workers would have saved a lot of energy expended uselessly during the war period and since, advocating fixed Rent Bills.

The Irish Act of 1881 which intended to give a benefit to the tenants and secure a large share of the produce of the land, by giving them fixed rents in specified annual sums of money, was a failure, because the tenant was bound to deliver a much larger share of the produce, as the prices of his produce fell so rapidly that each successive payment became more oppressive until finally it was impossible and the Irish Acts of 1881, 1885 and 1891 we are told became fruitful sources of difficulty, to those for whose benefit they were intended.

The benefits of land reform in New Zealand, and other reforms there have accrued to the owners of land and property. The nationalization or municipalization of ground rent, or unearned increment, or single tax, is to eliminate the parasitical landlord, the capitalist having no particular reason for wishing to be burdened with a class of landlords who obtain a part of the surplus value.

Not only do industrial capitalists pay big rents themselves to the landlord, but the rent which appears to be paid by the workers, indirectly is paid by the industrial capitalists.

In concluding these articles, I hope they have served the purpose intended. That is, to save the energy of the workers being expended on chasing reform bunk, and to strengthen the movement for the abolition of the wage system of slavery.

THE END.