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Fabian Tract No. 7.

CAPITAL AND LAND.

PUBLISHED AND SOLD BY
THE FABIAN SOCIETY.

“For the right moment you must wait, as FABIUS did most patiently when warring against HANNIBAL, though many censured his delays ; but when the time comes you must strike hard, as FABIUS did, or your waiting will be in vain, and fruitless.”

SEVENTH EDITION, REVISED.

PRICE ONE PENNY.

LONDON :
THE FABIAN SOCIETY, 3 CLEMENT'S INN, STRAND, W.C.
MARCH 1908.

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is so futile, that it seems almost certain that the Land Nationalizers will go as far as the Socialists, as soon as they understand that the Socialists admit that labor has contributed to capital, and that labor gives some claim to ownership. The Socialists, however, must contend that only an insignificant part of our capital is now in the hands of those by whom the labor has been performed, or even of their descendants. How it was taken from them, none should know better than the Land Nationalizers.

It is scarcely necessary to enlarge on or illustrate the obvious truth that, whatever the origin of land and capital, the source of the revenues drawn from them is contemporary labor. The remainder of this Tract may still further impress the impossibility of maintaining any hard and fast lines between them, either as regards their characteristics and importance in developed societies, or the defensibility of their private ownership or the arguments for their nationalization.

“Capital.”

To return from our digression. When we consider what is usually called *capital*, we are as much at a loss to disentangle it from land as we are to find land which does not partake of the attributes of capital.

For though capital is commonly defined as wealth produced by human labor, and destined, not for the immediate satisfaction of human wants, but for transformation into, or production of, the means of such satisfaction in the future; yet railways, docks, canals, mines, etc., which are classed among the instruments of production as capital, are really only somewhat elaborate modifications of land. The buildings and the plant with which they are worked are further removed from the form of land, but we lump the lot as capital. All farming improvements, all industrial buildings, all shops, all machinery, raw material, live and dead stock of every kind, are called capital. And just as there is a purely social element in the value of land, so are there purely social elements in the value of capital; and its value, in all its forms, depends upon its accessibility and fitness here and now, and not on the labor it has cost. The New River Company's Water Shares had their enormous value, not because Sir Hugh Myddelton's venture was costly, but because London had become great. The usefulness of fixed and unchangeable forms of capital increases and decreases through external causes, just as does that of land. If instruments of production must be classified, the best division of them is into *immovables* and *movables*, the annual value of buildings, railways, mines, quarries, waterworks, gasworks, durable fixed machinery, and many other forms of so-called capital, manifestly agreeing with that of land in fluctuating according to causes of which the effects are generalized in the “Law of Rent” of abstract economics.

Besides industrial capital, there is a considerable amount of what has been conveniently called “consumers' capital.” Dwelling-houses, and all their domestic machinery and conveniences are as necessary for production as land and factories; for though the worker uses them in his character of consumer, they are necessary to maintain

him in efficiency for his work. All private stores of food and clothing, all forms of personal property, may likewise be classed as consumers' capital. It will, however, be evident that, in classing these as capital, the signification of that name is becoming very vague and indefinite.

Finally, we have such purely non-material and social kinds of capital as banking and credit organizations, inventions, and other devices for extending and intensifying our power over Nature; social forces of immense importance for the carrying on of wealth production, largely capable of social ownership, not entirely capable of private monopoly, but at present appropriated by some individuals more than by others.

What is the Estimated Value of our National Stock of the above-named form of Wealth?

In December, 1889, Sir Robert Giffen attempted to compute the capital value of realized property in the United Kingdom as it was in the year 1885.* The following table is reproduced from that furnished by him, the figures being corrected according to the official Returns of Income Tax Assessments for 1905-6.† The estimate of the value of the capital is arrived at by taking what Sir R. Giffen considered a suitable number of years' purchase of the income:—

| Under : | Gross Income. | | No. of | Capital |
|---|---------------|-----|------------------|----------------|
| Schedule A— | £ | | Years' Purchase. | Value. |
| | | | | £ |
| Profits from the ownership of— | | | | |
| Land | 52,151,543 | ... | 26 | 1,355,940,118 |
| Houses | 205,486,455 | ... | 15 | 3,082,296,825 |
| Other property | 1,310,673 | ... | 30 | 39,320,190 |
| Schedule B— | | | | |
| Profits from the occupation of lands (farmers' profits mainly) | 52,421,649 | ... | 8 | 419,373,192½ |
| Schedule C— | | | | |
| Profits from British, Indian, Colonial, and Foreign Gov- ernment Securities ... | 46,925,674 | ... | 25 | 1,173,141,850 |
| Schedule D— | | | | |
| Quarries, mines and ironworks | 24,379,408 | ... | 4 | 97,517,632 \$ |
| Gasworks | 7,413,611 | ... | 25 | 185,340,275 \$ |
| Waterworks | 5,816,300 | ... | 20 | 116,326,000 \$ |
| Canals, etc. | 3,847,201 | ... | 20 | 76,944,020 \$ |
| Fishings in the U. K. and Sporting Rights in Ireland | 203,304 | ... | 20 | 4,066,080 \$ |
| Markets, tolls, etc. ... | 869,635 | .. | 20 | 17,392,700 \$ |
| Salt springs or works and alum works | 150,573 | .. | 20 | 3,011,460 \$ |
| Carried forward | | | | £6,570,670,342 |

(For notes and explanations as to this table, see next page.)

* See *The Growth of Capital*, by Robert Giffen (London, Bell and Sons, 1889). Also *Essays in Finance*, 2 vols., by the same author.

† Fiftieth Report of the Commissioners of Inland Revenue [Cd.—3686], price 2s. The amount stated as annual farmers' profits appears to be excessive, as Sir R. Giffen overlooked the fact that the Income Tax Acts assume the net profits of agriculture (in England) to be equal to one-third the rent, not the whole as here given.