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VALUE AND THEORY OF RENT: PART ONE

Robin Murray

Of the immediate political issues now before us, there is one group that involves branches of production unified by a common dependence on land and natural resources. I am thinking of the international oil price rise, of the exploitation of the North Sea, of the housing crisis and urban property speculation, of the rise in food prices in this country, co-existing with agricultural surpluses, and famine in underdeveloped countries. The productive sectors concerned are agriculture, urban property, and mineral production. In each of them capital has faced the crisis general to international capital, the pressure on profits, the strengthening of labour at the point of production, the crisis of restructuring. The existence of land, however, has meant that these sectors have had a relationship to the more general crisis quite distinct from other sectors that have no such dependence on the soil.

It is striking indeed that these sectors often *appear* at the centre of the crisis. Some liberal theorists even locate the crisis in the control of these sectors by landlords: the property speculators in the British crisis, the Arab sheiks in the general rate of inflation and the declining rate of profit, the latifundistas in the crises of inflation and poverty in Latin America. Other liberals — particularly social democrats — see the control of landed property as a way out of crisis. The British Labour Party aims to match the success of the Norwegian government in using rents from the North Sea to cancel out the financial crisis in this country. Internationally, social democrats have held out similar hopes for land reform solving the problems of underdevelopment. In each case capital's theorists offer a particular interpretation of the issues, and capital's agents their own policy solutions to the specified crises.

These "solutions" have been contested by the labour movement in many immediate ways: in tenants' struggles, in campaigns for price freezes, in demands for the nationalisation of urban land (in the advanced capitalist countries) and of rural land (in the underdeveloped world.) Unfortunately our general theory of the relation of landed property to capitalist development has not been developed in tandem. What is required is not merely the analysis of the capital-labour relation in these sectors, but the capital-land relation. We need a general theory of modern landed property, and its concomitant, a theory of rent.

In the nineteenth century the question of rent and landed property was at the centre of theoretical and political debate. Ricardo devoted the second chapter of

his *Principles* to rent, and much of his later life to the campaign against the power of landed interests. Marx devoted nearly 600 pages of *Capital* and *Theories of Surplus Value* to the critique of classical rent theory. Later, the Fabians — schooled by the marginalist Wicksteed in their attack on Marx — made rent the pivot of their entire economic theory.[1]

In the twentieth century, however, the debate has been consigned to the margins, in Anglo-Saxon countries at least. *The Henry George Society* still exists in Britain, but its demands have lost their political purchase. No major capitalist country has nationalised the land — as seemed possible a hundred years ago. Ricardian diminishing returns and unearned surpluses have been generalised to all branches of economic life. Opportunity cost and general equilibrium analysis have allowed land and its returns to be treated in the same way as other fields of price determination.[2] Even in Marxist theory, there have until recently been few contributions since the works of Kautsky, von Bortkiewicz and Lenin at the turn of the century.

In the past few years Marxists have begun to revive the earlier classical debates. They have been principally concerned to confront Marx's theory of rent with problems raised in the analysis of particular branches. But none of them to my mind have successfully overcome the apparent disjunction between Marx's theoretical categories and the demands of concrete analysis. Some writers have preserved Marx's concepts, but without explanation, and with a resulting arbitrariness that has offended those less wedded to the words of Marx. More common has been a rejection of Marx's concepts, particularly that of absolute rent, in favour of the more general monopoly rent, or in some cases of the neo-classical theories of producer and consumer surplus, of bilateral monopoly and monopolistic competition. It has not been made clear what significance this abandonment of Marx has had for the concrete analyses and the conclusions which arise from them.

I want to suggest that there is a significance, and that it can only be understood if we recognise that what underlies the recent debates on rent within Marxism is nothing less than the controversy on value between neo-Ricardians and vulgar economy on the one hand, and the orthodox value school on the other. Neo-Ricardians have argued more generally that a) Marx's transformation from values to prices is incorrect, and b) that most of Marx's major propositions can be made without recourse to his theory of labour value. These are the very issues at the centre of the rent debate, and it is striking that the major theoretical contributions on rent after Marx have been made by von Bortkiewicz and Arghiri Emmanuel — both of them critics of Marx's value theory and his method of transforming values to prices. Each has attacked Marx's rent theory at an abstract theoretical level, and neither has been effectively answered. Their emphasis on Ricardian value theory — individual labour times — and on distribution rather than production, has carried over into much of the current literature on rent. Defined in this way, neo-Ricardianism holds the field.

In this essay I want to re-assert the importance of Marx's value theory for rent analysis, and in doing so, to relate the issue of rent to the more general debate on value.

MARX'S THEORY OF RENT

Much of the confusion over Marx's theory of rent has resulted from a misunderstanding of the questions to which it is addressed. Its first concern is not with quantitative, moral or strategic questions. It is not concerned with indicating the level of rent in any particular sector; nor to show that recipients of rent are unproductive agents and as such worthy of attack; nor to indicate the contours of class conflict and possibilities of class alliance.

Rather Marx was concerned to develop a theoretical understanding of the *form* of rent, of how the ownership of one specific factor of production, land, gave rise to an apparently independent category of distribution, in spite of the fact that a material use value could not itself be productive of value. And in analysing the form, he also wanted to provide a critique of other theories of this form. Form analysis and critique: these two inseparable objectives informed his work on rent. It is from this perspective that I want to discuss four of the main points in Marx's treatment of rent.

1 *Vulgar economy and rent as a return to land as a factor of production*

First, rent for Marx is a deduction from value produced by labour. Landlords, because of their control of a material element of the labour process, extract surplus profit which in other circumstances would accrue to capital. These profits may derive from the labour of agricultural workers which would otherwise be appropriated by capitalist farmers (differential rent) or by industrial capital (absolute rent). Or they may be profits produced by industrial workers and normally enjoyed by industrial capital (monopoly rent). In all cases rent is a deduction from total social value, and is limited by the total value produced by labour.

What it was not was a return to land as a factor of production. Land and rent were an irrational couple. Land was a use value, a material element in the labour process. Rent was a price. To see rent as the price of land implies that land has a value. But how can a use value which is not the product of human labour have a value? It cannot. It may have a price without having value, but in this case the price cannot signify the contribution which the use value makes to the value of social production. The price rather represents a deduction from value produced elsewhere. "Land and price are incommensurable magnitudes", says Marx. (*TSV*, Vol. III, p. 520).

To get round this some "vulgarians" posit that rent must be seen as interest on capital advanced. This capital advanced may be the initial price of land. But, says Marx, since the initial price is merely the capitalisation of future rents, and since rents predate such a price of land, this argument is clearly insufficient. Others, like Carey, suggest that the capital in question is that previously invested on the land. How then would Carey explain that land without capital investment still yields rent, and that equal amounts of capital invested in land of differing fertility yield different amounts of rent?

Rent seen as a return to land as a factor of production was not then consistent with the labour theory of value. In this Marx agreed with Ricardo, and regarded it as one of Ricardo's great achievements to have penetrated beneath this irrational form, in search of the relation between value and rent.

2 *Differential rent, social fertility and the falling rate of profit*

Ricardo's argument against the vulgarians was that agricultural prices were determined by the labour time embodied in the commodities produced on the least fertile cultivated land. On these plots there was no rent. Rent only arose on soils with higher fertilities. It was a *differential* rent — a surplus accruing to landlords because of different fertilities. As such it did not contribute to price formation. "Corn is not high because a rent is paid, but a rent is paid because corn is high." Rent did not arise because of land's contribution to value. Labour was the only source of value. Landlords appropriated a portion of value because of the particular character of price formation in agriculture, and their monopoly of the more fertile soils.

Ricardo's main concern then was the debate on value, and the defense of the labour theory of value against cost of production theories. But he also developed his argument on rent to explain the phenomenon of the falling rate of profit. If rent represented a deduction from value produced elsewhere in the economy, and if wages were constant, then an increase in rent would imply a decrease in profits. How could a rent increase be consistent with the labour theory of value? By the fact that increased food output for a growing population would require cultivation to move to worse and worse soils, lowering labour productivity, raising prices, and therefore rent. An identification of value with labour time allowed Ricardo to theorise distribution within the capitalist economy, and explain the falling rate of profit.

Here, according to Marx, Ricardo's value theory began to mislead him. Ricardo's failure to distinguish constant and variable capital meant that he could not understand the actual cause of the falling rate of profit as elaborated in Vol III of *Capital*. Instead he was forced to appeal to the natural laws of fertility, and build a general theory on a special case.

Marx made the following points against this part of Ricardo's theory:

a) rents may rise at the expense of wages rather than profits, even where real wages (in use value terms) are held constant. "For the average wage is not determined by the relative but by the absolute value of the products which enter into it." (*TSV*, Vol. II, p.19) Thus while industry may develop faster than agriculture, raising the relative price of agricultural products and the level of rent, any absolute increase in agricultural productivity will lower the exchange value of wages, leaving profits the same or greater. Increased profits would then be compatible with increased rent.

b) rent can increase without affecting either profits or wages, because of an increase in the relative differences between plots rather than a fall in the absolute productivity on the worst land. The resultant increase in rent was *not* a deduction from value produced in other spheres. Rather it derived from an increase in the difference between the value of production on the individual plots and the value on the marginal plot which governed the commensuration of agricultural labour to labour in the rest of the economy. The increase in rent therefore represented the appropriation of increased surplus value produced by agricultural labour, rather than a deduction from a given quantum of surplus value in the economy as a whole. The distinction in part rests on the difference between Marx's concept of value as embodying socially necessary labour time established by the commensuration of labour between branches, and Ricardo's concept of individual labour time embodied in the isolated commodity.

The point also reflected a different approach to fertility. Marx saw fertility as social rather than merely natural.

"Fertility, although an objective property of the soil, always implies an economic relation, a relation to the existing chemical and mechanical level of development in agriculture, and therefore changes with this level of development." (*Capital*, Vol. III, p. 636).

Once this is admitted, differential rent can equally develop as the result of movements to more and more fertile land as to less and less.

"Whether by chemical means (such as the use of certain liquid fertilisers on stiff clay soil and calcination of heavy clayey soils) or mechanical means (such as special ploughs for heavy soils) the obstacles which made soil of equal fertility actually less fertile can be eliminated (drainage also belongs under this head). Or even the sequence in types of soil taken under cultivation may be changed thereby, as was the case, for instance, with light sandy soil and heavy clayey soil at a certain period of development in English agriculture. This shows once again that historically, in the sequence of soils taken under cultivation, one may pass over from more fertile to less fertile soils as well as vice versa." (*Capital*, Vol. III, p. 636).

On the basis of this, Marx distinguishes two types of differential rent, one extensive resulting from the development of new lands with equal quantities of capital (differential rent I), the other intensive by the application of equal amounts of capital successively to the same plot, (differential rent II). In each case he wanted to break the tight relationship Ricardo had established between increases in output, declining fertility, and rising rent. Such a relationship might exist, but it was certainly not historically necessary, and could even be considered a special case.

Marx investigates a number of alternative movements for both types of differential rent. For DRI his discussion is summarised in Table 1.

Ricardo's case is that where the productivity on the already cultivated land is held constant, and where increased output requires increased prices so that new worse land can be brought into cultivation. Once productivity on the old land is allowed to vary, or new land provides increased yields and replaces the former worst land, then the plus signs in the table show that differential rent can increase without a move to worse land and with the same or falling prices. Thus where new land with improved productivity replaces old marginal land, prices fall. With unchanged productivity in the more fertile old lands, rents would decrease, but if they also improved their productivity then differential rent could rise.

While in the early nineteenth century, increased outputs, prices and rents followed Ricardo's case (until 1815), in the first half of the 18th century the increase in rents on cultivated land, in output and population went together with falling grain prices. (*Capital*, Vol. III, p. 644). Ricardo was thus basing his general assumption on a particular and not inherently representative historical period.

The limitations of Ricardo are even clearer when we take account of differential rent II. Marx now holds the amount of land and the plot productivities

Table 1
Movements of differential rent I.

productivity on old land / new land as against average old land.	same	up	price movements
worse	+ (R)	+	rise
same	=	+	same
better	+/=/–	+/=/–	same (if old marginal land still in cultivation) or fall.
no new land	=	+	same or fall

Source: Capital Vol III, Chapter XXXIX.

Table 2
Movements of Differential Rent II.

regulating prices production / Productivity of new capital investment.	1st case Constant	2nd case Falling	3rd case Rising
Same	+ (increase in rent proportional to increase in capital investment on rent-bearing soils).	+/=/–	inapplicable unless DRI changes
Lower	+/= (can increase as long as positive super profits from new investments)	+/=/– (though more difficult for rent to rise in this case since has to offset loss of rent through falling price of production)	+/=/– (the increase of rent possibility is the normal and prevalent tendency of DRII for Ricardo).
Higher	+ (increase in mass and rate of rent)	+/=/–	not applicable unless DRI changes
General	Rent cannot fall, likely to rise, may stay constant.	while rent more likely to fall, can also rise.	

Source: Capital Vol III. Chapters XLI-XLIII.

constant (first column, second row in Table 1) and alters the quantities of capital invested on the plots of land. He then works through the results of differing productivities of the new capital investments on rent, and relates them also to changes in the regulating prices of production. The possible movements of rent in these cases are summarised in Table 2:

The third column, where the costs of production on the marginal land increase, can only relate to changes in DRII where the productivity of new capital investment is falling. Where productivity of the new investment is the same or rising it would be impossible to have a rise in prices of production without some shift as considered under the heading of DRI. But where it is falling, then costs will rise and prices of agricultural output will also rise. This case is the one which Ricardo considers the general tendency as far as intensive capital investment is concerned. In Chapter II of his *Principles* he does discuss other alternatives, particularly those of column 2 above. Capital investment could increase productivity, extrude the worst land from cultivation and lower prices and rent. But this he thinks would be a temporary phenomenon. A fall in rent would mean an increase in profits, accumulation would rise, and with it population, the demand for food, and finally rent. The cases of the second column would therefore be only an interruption to the general upward tendency of rents, and the downward tendency of profits. (*Principles*, pp.102-6).

Marx rejected the line of this argument. Diminishing returns on the worst land (row 2 of column 3) he thought of as exceptional. New investments tended to be made on the most fertile land. Secondly, even with diminishing returns on new investments (row 2) there could still be an increase in rent without an increase in agricultural prices. Further investment on intra-marginal land might lower the rate of return to capital employed but it would still increase the mass of rent and the rent per acre as long as the new prices of production lay below those of the worst land. Thirdly, there was no necessary relation between changes in rent and changes in profit. If the regulating prices of production rose, then prices would rise, the costs of labour would rise and profits (in the short term at least) would fall. But in all cases considered in columns 1 and 2 prices would remain the same, or fall, profits would therefore remain the same or rise, while rent could rise, remain the same or fall. Where prices fell and profits rose, together with accumulation and the demand for corn, there was no necessary increase in the price of corn since increased output could be provided by new intra-marginal investments (or new intra-marginal lands). (This part of the argument can be found in *Capital*, Vol. III, Chapters XXXIX-XLIII, pp. 634-720).

The important point is not that Marx disagreed with Ricardo that rents might tend to rise with the development of capitalism. Rather it was the way they rose and therefore the connection with the rate of profit that was at issue. Whereas Ricardo concentrated on one possibility of extensive expansion (a rise in DRI), Marx considered increases in DRII more significant.

> "The more the capitalist mode of production develops the more does the concentration of capital upon the same area of land develop, and therefore, the more does the rent, calculated per acre increase." (*Capital*, Vol. III, p. 675).

In the long run both the rate of rent and the overall amount of rent are likely to

increase, but the nature of the increase will tend to leave agricultural prices and therefore general profits constant.[3] Any tendency of the rate of profit to fall cannot therefore be inferred from the relationship of agriculture to landed property.

3 *Ricardian value and absolute rent*

In *Capital*, the bulk of the theoretical discussion of rent concerns differential rent. There is one brief chapter on absolute rent, where Marx switches the focus of his attack from the relation of rent and the rate of profit, to Ricardo's whole notion of value. It is this section which has been so heavily criticised. Some writers have suggested that Marx might have omitted this chapter altogether had he had the chance to revise Volume III. The pages of *Theories of Surplus Value* Volume II argue strongly against any such suggestion. It is clear that absolute rent is an unambiguous theoretical consequence of Marx's argument on value, and particularly of his method of transforming values into prices. As he put it in one of his plans for *Capital* Vol. III: "Rent — illustration of the difference between value and price of production" (*TSV*, Vol. I, p. 415)

Marx's concept of absolute rent was the culmination of an attack on Ricardo's failure to distinguish between constant and variable capital, and therefore between values and prices of production. As such it was as much a part of Marx's value argument as was the transformation problem.

In defending the consistency of the labour theory of value and rent, Ricardo was forced to put forward the proposition that the marginal land earned no rent. This was unnecessarily restrictive, said Marx, and contravened common sense. No landlord was likely to let out his land for no rent, however marginal the land.

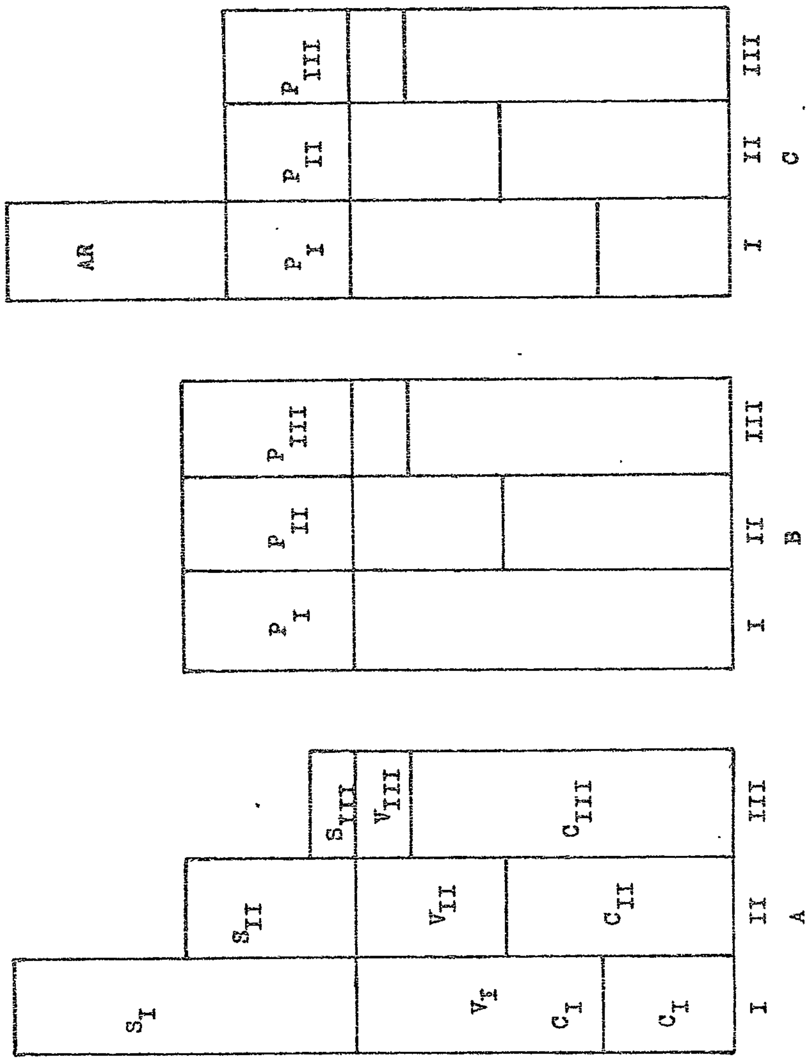
The answer to Ricardo's problem was simple, once one understood the way in which values are transformed into prices. As Ricardo argues, commodities will tend to exchange at their values. But with different organic compositions of capital, the rates of profit will differ. There follows a flow of capital between sectors which equalises the rate of profit, and ensures that the right mix of use values is reproduced for the next time period. Low organic composition sectors with high profits yield up their excess profit to a common pool for high organic composition sectors to draw on.

The main instrument of equalisation is the competition of capitals, and their free flow between sectors. With free circulation agriculture with its low organic composition would be expected to give up excess profits for the common pool. But capital cannot move freely into land. Landed property presents a barrier to prospective capital, by demanding a rent even on marginal land. The result is that agriculture is insulated from the general process of profit equalisation, and that its prices will continue to reflect their value rather than the post-equalisation prices of production. The difference between prices of production and value is excess profit. It is this excess profit which is taken by the landlord, even on the marginal land, in the form of rent.

The process is shown in Figure 1. In Chart A there are three branches, with equal rates of exploitation, equal quantities of capital advanced but unequal organic compositions. Thus branch I with a high ratio of living to dead labour (V:C) produced more surplus value than the other two.

With a free flow of capital between sectors, an average rate of profit would be

Figure 1



(Lipietz, pp.114-115)

established equal for all sectors. This is shown in Chart B. Surplus value has been redistributed from I to III, with II — which has an organic composition of capital, equal to the social average — remaining the same. If, however, there is a barrier to capital entering I (agriculture), then a new and lower rate of profit is established through a flow of profit from II to III: This is shown in Chart C, with the excess profit in branch I being drawn off in the form of rent.

We can see then how Ricardo's problem is solved. Prices relfect values. Rent is earned on the worst soil as well as the best. In addition to Ricardo's differential rent, there is consequently a second, distinct form of which does not depend on differences between plots. Marx calls it absolute rent.

Absolute rent depends on three things:

i) the tendency of commodities to exchange at their value, and the modification of this tendency towards exchange at prices of production as a result of the free flow of capital between branches.
ii) the presence of low organic compositions of capital in those branches yielding absolute rent.
iii) the reproduction of comparative monopoly power of landed property against capital in those branches.

The main objections to Marx's concept of absolute rent have centred on these three conditions.

The commonest criticism has been directed at the first of these — Marx's method of posing the question in terms of value and price. Value, the critics suggest, does not come into it. If landlords have the power to withhold profits from the common pool, why should that power have any link to value? Why not treat it as a simple monopoly power, and the rent ensuing as a monopoly rent. The power of landlords against capital would vary according to circumstances, sometimes extracting less, sometimes more than the differences between value and prices of production.

The most serious contemporary critic, Arghiri Emmanuel, goes further and argues that Marx's attempt to insert value into the question suffers from internal inconsistencies. First, if capital is restricted from flowing into agriculture, why should products sell at their value, since the equalisation of value in exchange implies the competition of capitals. Second, Marx acknowledges that supply and demand determine the level of absolute rent. Why then should the upper bound be set by value? One answer that Emmanuel draws from Marx is that foreign competition establishes the limit at value. But why, says Emmanuel, should international trade take place at values? Another answer might be that the products from existing marginal plots would be bound by competition from the most favourable soils *not* yet in production. But this would leave us with a theory distinguished in no essential respects from Ricardo's theory of differential rent. Like Bortkiewicz, Emmanuel concludes that the problem should be treated in terms of monopoly power rather than value. Significantly he equates the required analysis with that applicable to monopoly power in any sector, resting on points common to the empiricist critique of marginalism (lack of information about potential productivity, stubbornness and other psychological traits in landlords, discontinuous fertilities between plots etc.).

Two points about these criticisms need to be made at this stage. First, Marx did discuss monopoly rent arising from natural or artificial monopolies which would allow commodities to be sold above both their prices of production and their value. But he saw this form of rent as only of peripheral importance, depending as it did solely on the buyer's needs and ability to pay. He criticised those like Buchanan and Hopkins who suggested that all rent is monopoly rent because no reason is given why supply should not rise to meet demand and thus abolish all rent. Rent in these theories becomes accidental, because the movement of demand and supply is accidental. The analysis of monopoly rent belongs therefore at a lower level of abstraction "under the theory of competition, where the actual movement of market prices is considered." (*Capital*, Vol. III, p. 746). What was required was an understanding of the "inner organisation of the capitalist mode of production, its ideal average, as it were, "abstracted from the conjunctures of the market." The question was whether rent could exist on the marginal plot under such an "ideal average", in conditions where demand equalled supply, where there was no general market power allowing corn to be sold above its value. It is this question which the "monopoly" critics of Marx have repeatedly failed to address.

Secondly, in answer to the question, why value, Marx would answer, because agricultural commodities originally exchanged at their values, and landed property has always barred capital's inflow. According to Marx, his general theoretical procedure for transforming values into prices also reflected the process of historical development.

> "Apart from the domination of prices and price movement by the law of value, it is quite appropriate to regard the value of commodities as not only theoretically but also historically prius to the prices of production." (*Capital*, Vol. III, p.174).

There was therefore a historical basis for the creation of absolute rent. For landed property preceded capital. It was a condition for the development of capitalism since it was required to divorce the worker from the means of subsistence. Hence it existed as a barrier before the transformation, or put another way, before the equalisation of profit between branches took place.

> "The conversion of values into cost prices is only the consequence and result of the development of capitalist production. Originally commodities are (on average) sold at their values. Deviation from this is in agriculture prevented by landed property." (*TSV*, Vol. II, p.333, and see also p.243).

Emmanuel's objections now become relevant to the subject matter. How is it, without free movement of capital, that goods exchange at their value? To this we can add the more general objections of opponents of the "historical transformation problem" — is the exchange of commodities at their values compatible with capitalism? Marx's answer is clear. The immobility of capital — that particular limitation on competition — is a condition rather than a hindrance for commodities to exchange at their values. Otherwise capital would flow between sectors, equalising the rate of profit and forming prices of production. Prices proportional to values rule as the result of the establishment of sustained (rather than accidental) trading relations, the production by both trading partners of commodities in the required proportions, and the absence of accidental monopolies.

Demand will determine the quantities produced, socially necessary labour time the price at which they are sold.

These conditions characterised trade between nations, between pre-capitalist commodity producers, and also the early stages of capitalism. First a single market value and a single market price were established *within* spheres of production — for capital and labour could be presumed to be more mobile within spheres, with weak producers being driven out by the strong. Secondly, prices of production would be established by capital mobility between spheres. "The latter process requires a higher development of capitalist production than the previous one." (*Capital*, Vol. III, p.177)[4]

The important point is that capital mobility between branches is not a prerequisite for the exchange of commodities at their values nor for the existence of capitalist relations of production. Marx's theory of absolute rent cannot then be held to be internally inconsistent on this score.

Why not above value? Marx certainly mentions international trade as a competitive regulator and would argue that international trade tended to be at values if there was no international mobility of capital. The line of the argument would follow that outlined above. The conditions would be the existence of competition within the branches and between consumers. This is certainly not arbitrary as Emmanuel suggests.

Even leaving this aside, Marx still argues that there is a tendency for goods to exchange at their values in developed capitalism, and that the equalisation of profits must be constantly reproduced through the mobility of capitals. For agricultural commodities to sell at more than their value, there would have to be an artificial restriction of output from the land, and this is ruled out by the assumption of a non-collusive landlord class, and an abstraction from conjunctural disturbances to the supply/demand equilibrium.

Why not below value? This Marx said was a possibility. It would depend "wholly on the relation between supply and demand and on the area of land newly taken under cultivation." (*Capital*, Vol. III, p.744). Again these are conjunctural factors. They are qualitatively different from the forces that lead price to gravitate to value. Hence the discussion of these contingencies cannot be taken as an argument against the determination of agricultural price by value — as Emmanuel does — but rather as an acknwoledgement of the inevitability of conjunctural divergencies from the long run trend.

Marx's answer then to the first general objection is that value is always the centre of gravity to which all prices tend. The mobility of capital may modify the prices in the process of equalising profits, but if it is obstructed in agriculture, then absolute rent is the necessary outcome.

The second set of objections relate to the dependence of absolute rent on the low organic composition of capital. The issue has arisen in the discussion of rent and minerals. Many minerals are produced with high organic compositions. Does this mean that marginal land does not earn a rent? Self-evidently not — if we are to follow Marx's objection to Ricardo. But if marginal mineral land is paid a rent, should that rent not be seen as absolute rent, and if so, would not absolute rent be no longer tied to the organic composition of capital?

We have outlined why Marx insisted on the connection between absolute rent and organic composition. It was not accidental, but at the core of his theory. The concept of absolute rent is redundant once the notion of the low organic composition is removed. How then do we explain the self-evident point raised in the mineral discussion? Simply by recognising that the "absolute rent" charged by the owner of the marginal plot in mineral production is the absolute rent of the agricultural and not the mineral sector. Agriculture sets the limits for other land uses. The marginal mine will only be open to production if the rent paid compensates for the rent lost from the use of the land as a marginal field. A similar argument applies to urban land.

What if the organic composition of capital in agriculture rises to the social average or above? Samir Amin suggests that it has, with the domination of agriculture by capital in the 20th century. If such is the case, would we not still expect the proprietor of marginal land to demand a rent?

Marx certainly foresaw the possibility of agriculture's organic composition rising in this way, and thus liquidating absolute rent. But he did not deal with the resulting objection that marginal land would not be given gratis. The conundrum is easily answered once we understand the material basis for rent of any kind. The existence of differential and absolute rent is dependent on capital's inability to reproduce the conditions of production. A rising organic composition reflects, as Amin acknowledges, capital's subordination of the soil. Output increasingly varies with the inputs of capital rather than the inputs of land. The material basis for rent of all kinds is thus dissolved. The marginal plot will tend to disappear along with absolute rent, and the conundrum.

The third set of objections centre on the reduction of the monopoly power of landed property against capital. They can be read as an alternative version of the points about rising organic compositions. The argument is as follows. Absolute rent depends on landed property restricting the inflow of capital into agriculture With the increase of differential rent from intensive capital investment (DRII), landlords will compete for the most efficient farmers, (von Bortkiewicz). Capital will then flow with increasing freedom into land as rents are reduced, profit rates will be equalised and absolute rent eroded.

If capital does flow freely into agriculture then of course absolute rent disappears. Whether it does or not is an empirical question which I will take up later. At this stage we need only note that such a possibility does not constitute an objection to the theoretical category of absolute rent. Von Bortkiewicz, however, wishes to have the argument both ways. He wants the technical productive conditions for rent to exist (the non-subordination of land by capital) but the social distributional conditions to be surpassed (increasing bargaining power of capital vis à vis landowners). Land can still be a fetter in production but not in distribution. Landlords lose their monopoly power through competition among themselves.

Two things only need be said. First, Marx never assumed a landlords' monopoly which could be broken up through competition among themselves. Absolute rent assumes competition amongst landlords and the capitalist tenant farmers. In the long run, increases in productivity through intensive capital investment would be as likely to raise rents as profits, since capital could be reproduced but land could not. Secondly, Marx's whole argument was that the significance of land in production would be reflected in the sphere of distribution. Distribution was not autonomous. The landlords would only weaken in production when land became less significant as a material input, and/or when the institutional conditions of landholding were changed.

4 *Modern landed property*

All rent is the economic realisation of landed property, of the legal fiction "by grace of which certain individuals have an exclusive right to certain parts of our planet" (*Capital*, Vol. III , p.619). This applies to rent in feudalism, in slave society, in Asiatic society or in capitalism. The theoretical task, says Marx, is not to emphasise the common element in all forms of rent, but to show why rent takes the specific form it does in each mode of production. In capitalism rent takes the form of surplus over average profits on capital. This was quite distinct, and implied entirely different social relations from previous forms of rent, even from the money rent of late feudalism. In the same way, the forms of property holding must be distinguished according to different modes of production. In capitalism the form assumed was called by Marx modern landed property.

The principal features of modern landed property were four:

a) property rights could be bought and sold.
b) the landlord was transformed from an active agent in production to an unproductive one in distribution.
c) the landlord's payment in rent was no longer directly appropriated from agricultural labour, but received as a residual payment in cash from a capitalist farmer.
d) landholding was stripped of its former political and social power derived from its direct role in production.

These were the result of capital's transformation of traditional relations in agriculture to serve its requirements.

The main requirements were two. First to secure a supply of wage labour. Property rights on land, of a kind that would separate workers from their means of subsistence, had to be established. Under feudalism the lord's drive had been the direct accumulation of *men* through the extensive development of force. His aim had been to *include* men on his land to work and fight. The modern proprietor, restricted to the accumulation of money, now became the main instrument for *extruding* labour from the land. It is the landlord himself who clears "the land of its excess mouths, tears the children of the earth from the breast on which they were raised". (*Grundrisse*, p.276). "The cottiers, serfs, bondsmen, tenants for life, cottagers etc. become day labourers, wage labourers." (*Grundrisse*, p.276). It is in this sense that Marx says that wage labour in its classic form is "initially created only by modern landed property " (*Grundrisse*, pp.276-7).

Secondly, capital needed to ensure a supply of food to feed the wage labour in the towns. This it did by introducing capitalist relations on the land, transforming agriculture into industrial agronomy, and totally separating land as an instrument of production from landed property.

> "The rationalisation of agriculture, on the one hand, which makes it for the first time capable of operating on a social scale, and the *reductio ad absurdum* of property of land on the other, are the great achievements of the capitalist mode of production" (*Capital*, Vol. III, p.604).

The intimate connection between wage labour, capital and modern landed property was most clearly seen during the colonial expansion when capital expanded to new territory where no such landed institutions existed. Marx cites

Wakefield's story of one Peel who brought with him to a new settlement in Australia means of subsistence and production worth £50,000 plus 3,000 working men, women and children. But because land was freely available, Mr Peel was left without a servant to make his bed. "Unhappy Mr Peel who provided for everything except the export of English modes of production to Swan River" (*Capital*, Vol. I, p.766). Wakefield argued in his *Theory of Colonialisation* that the British government should create modern landed property which would put an artificially high price on the colonial land, put a stop to proletarian settlement and provide a fund from the sale of land to finance further migration of workers to the new areas of accumulation.

Yet as an institution modern landed property had a contradictory relation to capital. For the monopoly necessary to exclude wage workers from the land was also a monopoly against capital. They cannot be separated. Landed property, developed as an ally, becomes a charge on capital. With an industrial proletariat established, it is the aspect of the negative charge which becomes dominant. (*Grundrisse*, p.279).

In the *Grundrisse*, the negative nature of landed property is given two closely related characteristics. First it has no direct bearing on production. It is unnecessary, an excrescence, and in this sense the "negation" of capital. Second, it represents a deduction from capital, a limitation on profit. This is the distributional perspective which Ricardo emphasised, and which the Fabians took up in their generalised theory of rent. It is interesting that in spite of the fact that Marx's landlord deducted absolute as well as differential rent in contrast to Ricardo's more modest deductions, Marx pays little attention to this issue. For as we have noted he did not regard the distributional feature of rent as a major limitation to continued industrial accumulation.

Rather it is the limitation to the application of capital in agriculture which Marx emphasises as the major fetter presented by landed property. Thus the fact that no landlord will lease out his land, whatever its quality, without the payment of rent constitutes a limitation to capital and its free expansion on the land. The exceptions prove the rule. In new areas where there is unlimited land — as in the colonies — capital can be applied without hindrance, but there landed property does not exist. Nor does it exist in effect where the landlord is also the farmer and where he would invest on the worst land even if the investment yielded only normal profit. A tenant would not make such an investment since he would also have to pay rent, but the cultivating landlord avoids this. Marx regarded both cases as exceptions and outside the terms of the discussion.

What may be less exceptional is owner occupation, but we find here a different fetter. For while the owner is notionally free to invest on his own land without rent, he may lack the capital to do so since he has to spend so much in servicing the payment for the original cost price of the land. Because the cost price of the land is nothing other than the capitalised value of the rent, the tenant's yearly interest payment are effectively his rent payments in another form.

Finally in the case of the tenant farmer, the limitation placed by landed property on the investment of capital will be suspended for the period of the lease (or of the period of the set rent). At the end of the lease period the landlord is able to take over surplus profits by raising the level of rent, and to appropriate long term investments into the value of the land. The shorter the lease period, the more flexible the rent-charging conditions, and the weaker the terms of compensation for tenant's investments, the greater is the disincentive for the tenant to invest capital in his farm.[5]

It is these factors to do with the development of productivity in the agricultural sector itself, rather than the effects on overall accumulation, which Marx thought would lead to general demands by capital for the dissolution of landed property and its transfer to the state.

In his discussion of modern landed property Marx wanted to insist that a) rent and this social form of ownership were inseparable, and that rent could not be discussed as deriving from nature, as Ricardo at times did; b) that the modern form of land ownership was not an eternal form, but a form specific to capitalism, whose characteristics could be derived from capital's requirements.

VALUE AND FORM

One of the things I have tried to bring out in this discussion is Marx's overriding concern with rent and landed property as *forms* taken by social relations under capitalism. The questions he asked of these forms were whether their origin and significance were self-evident and whether their appearance immediately revealed their essence.

These are, of course, the questions which run right through *Capital*, and inform Marx's approach to Political Economy. The pages on rent are one part of his general project to uncover the mystery behind the forms taken by capitalist social relations in the spheres of exchange, production, the circulation of capital, and distribution. Vulgar economy tries to explain these forms at the level of appearance. But in doing so it only compounds the mystery, interpreting social relations as relations between things. Rather we must pass beyond appearances, first by understanding the basic form taken by social relations under capitalism — value — and then by tracing through the connection between value and its many ossified forms. This is how Marx can say that the theoretical task is not *proving* the concept of value. "It is a question of working out how the law of value operates" (*Letters to Kugelman*, p.74).

The categories of political economy which the vulgarians introduce without explanation and without history — money, capital, wage labour, profits, rent — can in this way be explained ontologically. We can understand how these forms appear, what conditions are necessary for their reproduction, what laws govern their development and limit their movement. We can also understand the theoretical limits and inconsistencies of those theorists who have either failed to go beyond appearances, or who have, like Ricardo, failed fully to grasp the value form. This is why form analysis simultaneously supplies the basis for a critique of political economy.

It is such an approach which lies behind Marx's theory of rent, his insistence on value, his derivation of the concept of absolute rent, and his emphasis on the social foundations of differential rent and the form of landownership.

We can see how very different is the focus and method of Marx from almost all modern theorists of rent. If we take Emmanuel again — a writer who is acutely aware of the issue of value — we see that his main work, *Unequal Exchange* — is centred on the static distribution of surplus value in a system. To analyse this he posits a two-department abstract value scheme — based on Ricardian labour values rather than Marxian socially necessary labour time — and then equalises the profit rates in the system. His concern with rent is how it affects this comparative static distribution of value. For this purpose a concept of monopoly rent is sufficient. Any notion of absolute rent is not only unnecessary but stands quite at variance with the whole method of analysis, since value is posited not as the law of gravity in the system around which prices move, but as an arbitrary starting off point for the static transformation.

Now what is wrong with this? Why shouldn't we be interested in distribution as a separate question, and cannot we use any analytical tools which appear to throw light on it? What is so important about value?

The answer is to be found in the way we relate distribution and production relations. For Marx distribution was a moment in the process of expanded reproduction. It was subordinated to production.

> "The structure of distribution is completely determined by the structure of production. Distribution is itself a product or production, not only in its object, in that only the products of production can be distributed, but also in its form, in that the specific kinds of participation in production determine the specific forms of distribution." (*Grundrisse, Introduction*, p.95; see also *Capital*, Vol. III, Chapter LI).

What happens if we lose the link between production and distribution by adopting an isolated "distributionalist" analysis?

I will make five points which seem to me characteristic of distributionalism.

1. *Limits*. Without the bounds set and reset by production analysis there is no adequate way in which the limits of distribution and redistribution can be determined. First we must posit a given value to be distributed. This is itself derived from production, and cannot be reposited until a new round of production has been considered. This is the importance of the first point we outlined in Marx's theory, that rent was a deduction from social value. Ricardo, too, unlike the vulgar economists, was able to show total value as a limit to rent in the short run since he posited value as labour expended in production. But he was unable to analyse the development of this limit in the long run.

Further, distributionalism cannot set *endogenous* limits to the movement of the various categories of distribution. It cannot answer the question why all revenues cannot go to wages, for example, or why all revenue cannot be consumed. The fact that distribution is part of reproduction means, however, that this expansionary process itself sets limits on the distribution of revenue. Wages have to be paid if wage labour is to be available to capital. Capitalists have to set aside at least part of their profit for reserve funds, insurance and competitive investment, and this limits capital's ability to consume its revenue. Rent will be determined residually, by the deviations of individual rates of profit from the rate on marginal land, and by the deviation of prices of production from value. These various values, moreover, are themselves determined by movements in production — the change in the value of labour power, in the value of replacement machines, or in the value of agricultural commodities. A distributional theory must *assume* these values and these limits, or refer to exogenous forces, such as subjective choice or class struggle. It cannot analyse the laws governing their development.

Finally, distributional theory has no endogenous theory of power, which could give some indication as to the limits of class power in distribution, and as to which way the material basis of the relative class powers might develop. In contemporary Marxist rent theory, where movements in rent are so often theorised by reference to class struggle, the class struggle itself tends to remain descriptive in the past and unbounded in the future. With so small an area submitted to the pessimism of the intellect, too large a zone is left to the optimism of the will.

2. *The terrain of class struggle*. Moreover, where class struggle is discussed it tends to be interpreted as a struggle over distributional shares, rather than a struggle over relations in production. This is, of course, clearest in Fabian theory, which explicitly limits the field of struggle to distribution, supposing that production relations themselves are either outside history, or may even be subordinate to distribution relations. Marx's comment that

> "the view which regards only distribution relations as historical but not production relations ... rests on the confusion and identification of the process of social production with the simple labour process," (*Capital*, Vol. III, p.861) is

is most apposite to the Fabians.

3. *Static*. Without a theory of the long run rooted in production, distributionalism tends to be static, with, at the most, mechanistic connections between one period of distribution and the next.

4. *Rent and accumulation*. One consequence of the tendency of distributionalism to the short run is that the relation between changes in distribution, accumulation and crisis are either ignored or treated in the most rudimentary fashion. Even Ricardo, who started with a clear position on value in production, was limited by having an inadequate theory of the movement of value in production in the long run. An increase in rent was therefore seen as necessarily a decrease in profit — given the wage — as it would have been in the short "distributional" run. Marx's sections on differential rent are intended to show precisely why such an approach is mistaken, and how an analysis of the movement of value in the long run can yield results quite contrary to those derived from Ricardo's value theory. Even with the value of labour power constant, a rise in rent can also accompany a rise in profit. Or real wages can remain constant or rise in use value terms, but fall in exchange value, giving further possibilities for rises in rent and profit. These results are derived from Marx's law of value.

In the current period those theses which identify the cause of crisis with the increase in rents almost always fail to go beyond the simple redistribution of value from wages and profits to landed proprietors. The rise in oil prices, for example, lowered some industrial profit rates but raised others, and it was founded not merely on an increase of OPEC's bargaining power, but on the need for restructuring the metropolitan energy industries as interpreted by the major oil companies and the US government. The resulting increase in oil exporters' revenues may have served marginally to increase rentier consumption, but much of it has been recirculated through the international money market, or through the purchase of arms and capital goods. It is the effect of these sectoral shifts on international accumulation rather than a static discourse on the redistribution of revenues that should be the prime focus of attention. Similar arguments apply to the property sector in the UK, to the rise of agricultural prices (and rents) following British entry to the EEC, and to commodity prices in the world market more generally.

5. *Contradiction*. Distributional theories are marked finally by their concern with conflict rather than contradiction. It is only when there exists an adequate theory of the development of production, that one can analyse a) how contradictions within production are manifested in the sphere of distribution; and b) how the development of the forces and relations of production come into contradiction with the forms and relations of distribution. It is here that Marx's theory of landed property is important. He shows that it is simultaneously a monopoly against labour and a monopoly against capital, and that once wage labour has been constituted by the expulsion of labour from the soil, it is the negative relation to capital that assumes prime importance.

Marx emphasised the restriction on capital investment as the major fetter. To this I would add something which is today perhaps of equal importance, the limits set by landed property to restructuring. In manufacturing sectors restructuring takes place through the downward pressure of price, the squeezing/bankruptcy of the marginal producer and the reallocation to efficient producers of the bankrupt stock. In agriculture this process is much more difficult. First the efficient farmers do not lower price so much as increase differential rents. These rents are liable to be expropriated by the landlord rather than ploughed back in a restructuring of capital.

Second, each farm has specific plots which it would be worthwhile to incorporate in restructuring. Even where the least efficient farmers do go bankrupt, it is rare for them to be in the optimum position for restructuring with the most efficient. Usually the optimum restructuring takes place on adjoining farms. Where the adjoining farm is efficiently run, or where the landowner has no desire to sell the farm, then the necessary restructuring does not take place.

Third, landlords themselves are insulated from the law of value. Since the rents are *gratis*, enjoyed solely because of the rentier's property in land, he/she cannot in principle go bankrupt. While an efficient landlord can reap more rents (through amalgamations, improvements, extruding the inefficient tenants and attracting the best), the inefficient landlord cannot himself be restructured, cannot himself be forced to impose the law of value on his tenants.

Lastly, even the owner occupier may be insulated against value more thoroughly than his confrères in industry. His purchase price will reflect the capitalised value of differential and absolute rent as it existed at the time of sale. If his plot, through his own investment or through the general diffusion of agricultural technique increases its productivity and differential rent, then he, too, will have a cushion against expropriation. The same applies to increases in

absolute rent. Moreover even where his profits as an efficient producer remain normal, the structure of a farm commonly allows a further barrier to the bailiffs. His subsistence may be grown irrespective of the market prices of agricultural commodities. His family can be drafted to work, and can be folded into the cycles of the seasons. Or they can be sent to the town for supplementary income in the slack periods. And where petty producers are numerous, and have voices and votes in the chambers of the state, this extensive character of the agricultural labour process can generate political insulation against value, where the economic insulation has failed.

The insulation against value is another side of the barrier thrown up by landed property against capital. It is in this sense that capital and the modern form of land ownership are in contradiction. What we have to analyse is the course of this contradiction: what capital does to try and surpass these fetters, whether the contradiction has tended to intensify, or whether, as some writers have suggested, it has already been liquidated. These are the questions I shall take up in the second part of this essay.

I have outlined some of the consequences which follow from the disjunction of distribution and production, and which have concrete as well as theoretical implications. Now in Marxist theory the link between production and distribution is nothing other than value. For the way in which capitalism links these two moments of social reproduction is through the abstract forms of money and price, and both money and price are but forms of the value relation itself. Hence it is only through starting from value, and never losing its thread, that we can adequately understand the determination of distribution by production, and the contradictory development of their forms.

It was for this reason that Marx was so virulent against analyses which lost this thread, and which started not from value but from prices of production. Such prices were, he said,

> "an utterly external and *prima facie* meaningless form of the value of commodities, a form as it appears in competition, therefore in the mind of the vulgar capitalist, and consequently in that of the vulgar economist." (*Capital*, Vol. III, p.194).

Unfortunately much of the recent Marxist work on rent has been marred by taking this starting point. This is true of all those who adopt monopoly rent in preference to absolute rent.

In urban theory, for instance, the dominant approach is barely distinguishable, save in terminology, from traditional monopolistic competition and bilateral monopoly theory. Thus Harvey analyses cities as aggregations of sub-markets strategically separated by landed proprietors. He likens these to man-made islands, and calls the rent earned from them absolute rent. This is an utter confusion. He is in no way seeking to connect rent to value, or to see how labour in these sub-sectors is commensurated with the rest of social labour. The barriers to the free flow of capital to which he refers are similar to the traditional "barriers to entry" which can apply to any temporary monopoly. The resulting rent is merely a version of monopoly rent. His confusion on value is equally clear when he attacks neo-classical theories of differential rent as being based on distance and neglecting utility. Distance, with its implicit differential labour times embodied in the costs of transport, is the one hard basis for an adequate theory of urban rent.[6]

In agriculture similar remarks apply. If we take the two essays by Amin and Vergopoulos as examples, both reject Marx's rent theory, and proceed to classify and periodise according to changing class balances. Amin in particular regards the state of class relations as central to an understanding of how rent moved. In Northern Europe capital's abandonment of the landlords meant some form of alliance with the working class, usually accomplished by social democratic parties. In Britain this alliance was made possible by the empire. In Sweden the feudal class was weak. In Germany it was the working class which was weak, and in America the alliance was carried through by the populist parties. In Southern Europe on the other hand both landlords and workers have been stronger. In some cases capital has sided with landlords against the working class, and rents remain high. In other cases capital has attempted to ally with workers under right wing or fascist governments and when this has failed it has turned to small speculators and the peasantry.

Vergopoulos has a similar thesis, arguing that capitalism exhibits a tendency to replace large estates by peasant proprietors (a law of deconcentration) since in this way capital can reduce the power of landholders and erode rent through state taxes, low administered prices and/or high interest rates. Capitalism solves the problem of landed property by the creation of an owner occupying peasantry.

The strength of these essays is their bold generalisations, their weakness that they are descriptive. They have no theory of capital/land relations. The issue could as well have gone one way as another. Like all empirical structuralism, their approach is high on intuitive and creative renderings of historical development, but low on the necessary limits and directions of this development.

Harvey, Amin and Vergopoulos exemplify an approach which is dominant in Marxist analysis of urban and agricultural questions. It is an approach whose theoretical basis is not, I think, adequate to engage with bourgeois theory on the major issues of rent theory: rent and value, rent and crisis, and rent as specific to land rather than as generalised to all sectors with diminishing returns. Nor is it adequate to provice a theory of the long run. I hope I have shown why this is so and why a theory adequate to these tasks must necessarily start from Marx's value theory and his analysis of forms.

One final point needs to be made about value and rent. Marx did not confine himself to value, but to the contradiction between exchange value and use value. He asked how the forms of capitalist social organisation came into contradiction with the material processes which were the other irreducible element of commodity society. Thus the reason why landed property arose as a separate form in capitalism, both required by and contradictory to capital, was the material (use value) characteristic of land as an input for capitalist production. First land could yield an output without the application of capital — hence the need to divorce the working class from the land. Secondly, capital could not reproduce the conditions of production on the best land. It has tried to do so: by the application of fertilisers, but cutting down gestation times, by standardising outputs, by developing new seeds, and so on. But for most crops capital still exercises formal rather than real subordination over the land. This is the material basis for differential and

absolute rent. It is the use value side of the analysis which we must not forget if we are to understand how the development of the productive forces serves to change the material basis for rent and landed property in the land-using industries.

NOTES

1 On the development of Fabian economic theory see: D.M. Ricci (1969) and Wicksteed (1933). See also the Fabian Essays, 1889, reprinted in 1962, and Bernard Shaw's review of Marx's Capital in National Reformer, October 7th, 14th, 21st 1887 in which the issue of rent is a major point of difference.
This paper originated from discussions in the CSE Bulletin Board, and in the Brighton Commodity group. It was also discussed at a CSE day school on rent. I would very much like to thank all those who have contributed to the production of the current version, especially Barbara Bradby, Diane Elson and David Evans.

2 A useful review of post classical rent theory is provided in C.R. Bye (1940). See also Fetter (1901).

3 Engels in a note inserted to Capital Vol. III, writes: "The more capital is invested in the land, and the higher the development of agriculture and civilisation in general, in a given country, the more rents rise per acre as well as in total amount, and the more immense becomes the tribute paid by society to the big landowners in the form of surplus profits." p.709. Comments by Marx on these trends can be found on pp.609, and 622-3.

4 This comes from Chapter X of Vol. III, "Equalisation of the General Rate of Profit through Competition, Market Prices and Market Values. Surplus Profit." Quite apart from the particular quotes, the whole of this chapter reads as an exposition of the historical and not simply theoretical transformation of values into prices. The recent attack by Michio Morishima and George Catephores (1975, 1976) on the idea that Marx regarded the transformation as historical as well as theoretical is therefore surprising. They deal with only one of the passages in which Marx treats the transformation as historical (that quoted in this text from Vol. III p.174). This they dismiss and suggest that Marx might have omitted it had he had the chance to revise Volume III. The other sections — particularly in Chapter 10 — they do not relate to (in spite of their quotation by Meek) nor do they deal with the clearly historical interpretation of absolute rent. The reason for this is, I think, that both authors were concerned with denying that a value epoch either could or did exist. This is certainly a tenable position, though for reasons advanced in the text I do not agree with them. What I find less tenable is to argue that Marx shared their general view or their particular arguments. He certainly never argued that labour mobility between sectors was a condition for equivalent exchange. Nor would his wole principle of limiting the movement of profits by total surplus value have allowed him to follow the argument suggested by Michio Morishima and George Catephores (with supporting quotes from Engels) that industrial profits tended to merchant profits lying above value so that the

the average rate of profit was higher than the rate of surplus value. This argument can in no way be taken as evidence against Marx's explicit statement in Vol. III Chapter 10 that a single market value and a single market price were first established within spheres, and only later between them.

5 For an argument that not only absolute rent but differential rent creates a barrier to capital investment on the land see M. Ball (1976).

6 Harvey (1973). Clarke and Ginsburg (1975) share this disquiet with Harvey, but themselves adopt a different version of monopoly rent for housing that is determined by the 'buyer's needs and ability to pay' and represents "a premium which a consumer is compelled to pay for a house in a particular location" (p 8). Their only comment on absolute rent is to question its restriction to sectors with low organic compositions of capital, (p.7). Byrne and Beirne (1975) are also critical of Harvey, but again do not relate rent and value, and confuse one of Marx's types of monopoly rent with absolute rent (p.50). Walker (1974) tries to maintain the distinction between monopoly and absolute rent, but by failing to relate absolute rent to the law of value, he is reduced to suggesting that the basis for the distinction is the contrast of active as against passive action on the part of the landlords. Edel (1976) likewise maintains it, but suggests that the distinctions between Marx's three categories of rent are based on differences in the class conflict involved. Only Breugel (1975) seems to me to preserve the necessary link between the categories of rent and the theory of value.