Notes on Marx's *Capital*, Volume 3, Part Six: The Transformation of Surplus Profit into Ground-Rent

Chapter 37: Introduction

- While under the feudal or peasant modes of production, the worker may have been in ownership of the land, they are necessarily separate from it under capitalism.
- Adam Smith discovered that the ground-rent for capital applied in the production of inessential agricultural goods is determined by the ground-rent yielded by capital for the production of staple crop(s).
- Water is included in the "land" as long as it is a feature of the land and owned along with it.
- The monopoly of landed property was a precondition for capitalism, but capitalism rapidly transformed this very same landed property. It separated the owner from the land completely and submitted agricultural production to science. It only accomplishes these by impoverishing the old producers who once worked with the land. (pg 754-55)
- In capitalist agriculture, the work is done by wage-laborers, who are hired by capitalists, on land owned by a proprietor, who the capitalist pays at certain intervals (very similar to how the borrowing capitalist pays the loaning capitalist a certain interest at different intervals) throughout the year.
- Ground-rent is the money given to the landowner, it is "*the form in which landed property is economically realized, valorized.*" (pg 756)
- In this situation, the three major classes which form the base of modern society are present, wage-labourer, industrial capitalist, and landowner.

- Things are added to the land by the capitalist, and they represent “terre-capital” or “earth-capital,” ie, capital invested on the land itself which raises the value of the land. This is a form of fixed capital (ditches, buildings, etc).
- A struggle results, one in which the landowner tries to shorten the lease as much as possible so that they may charge interest or higher prices for the new-and-improved land, and the farmer-capitalist tries to do as little improvement as is necessary because he does not want to give away capital for free to the landowner. This is one of the reasons capitalist agriculture remains irrational. Long-term investment is practically thrown out.
- This reaping of extra rewards is particularly clear in the case of buildings, which are constructed during the lease but stand for many decades after.
- The interest accrued by the capitalist for buildings, etc, put up on the land during the lease is not the same as ground-rent, which is paid to the landowner on the land itself. Even if both are collected by the landlord, they are two separate incomes.
- “*As we shall see later on, however, landed property is distinguished from the other forms of property by the fact that at a certain level of development it appears superfluous and harmful even from the standpoint of the capitalist mode of production.*” (pg 760)
- Land does not inherently have value because it does not inherently contain labor, yet it still has a price. This leads people into thinking the price is inherent, and they use this to explain the origin of ground-rent. The land costs that much because it has that much value, etc. This is incorrect for the reason just stated. They are pointing to the price and saying, “Of course it should sell at that price, it is right now!” The same could be used to justify slaves. Also, some look at the valorization rate of ground-rent and explain it by fluctuations in interest, etc, therefore boiling ground-rent down to just another form of

interest. But this only explains, to some degree, fluctuations in ground-rent. It does not explain its origin.

- Not everything paid to the landowner represents ground-rent. If it is merely taken out of the profits or wages of the enterprise, it takes the form of ground-rent without having the content, even if it does still aid in determining the price of the land.
- Landlords often exert their monopoly power and the perception that land is a safe investment to keep lease-prices so high they suppress both profits and wages below what is normal.
- Surplus labor/product in general are confused with ground-rent, which is merely one specific section of surplus.
- Some claim agriculture is the only necessary labor and everything else is surplus, this is wrong because industrial labor is just as necessary and just as surplus.
- Prices of things that have no value result from any number of circumstances. A thing only has to be monopolized and alienated to be sold. (pg 772)
- There are three common and major errors to avoid when analyzing ground-rent, (1) the confusion of ground-rent with all forms of rent everywhere throughout history, (2) trying to explain away ground-rent by just calling it surplus value/labor, this explains nothing really, and (3) believing that because the products of the land become commodities without the landlords involvement that this shows a peculiar potential for agriculture to produce commodities.
- Commodities are produced everywhere in capitalist production, and everywhere they are produced only socially and with equivalents in existence. All that is unique about landed property is that it appropriates a growing part of surplus-value without being active.

Chapter 38: Differential Rent in General

- We will assume commodities are sold at their prices of production and show how ground-rent can still arise from such a situation.
- If the cost price of producing on the land (using water power, etc) is lower than the average cost price, but goods are still sold at their prices of production, then a surplus profit is attained.
- This surplus profit is not yet distinguished from all other surplus profits, which are the result of a difference between the individual and general production prices.
- The surplus profit that results here is only possible because of natural resources which can not be duplicated, features of the land not generalizable. (pg 784-85)
- This surplus is not a result of the general capital but of the specific and monopolized use of the land (waterfall) as capital. Thus, the surplus represents ground-rent. It is a direct result of the land itself.
- Even if the capitalist owns the land himself and does not have to pay this ground-rent out to another, it is still appropriated by him as ground-rent. Why? Because it is still the result of his ownership of the land and not of his other capital, which is easily duplicated and is in fact found among other capitalists in his industry.
- This rent is always "differential rent," ie, it always results from the difference between the general and individual production prices. It does not change the general rate.
- It does not derive from an absolute rise in the productivity of capital or labor.
- The natural force is the basis but not the source of the surplus profit.
- The land would have these effects if it was formally owned or not.
- The price the land would be sold at does not go into the production price, etc.

Chapter 39: The First Form of Differential Rent (Differential Rent I)

- Ricardo is right that differential rent (he just says 'rent') is the result of a difference in the rate of profit for different capitals, ie, the formation of surplus profit. It is more specifically the result of the difference proportional capitals (and labor-powers) applied on proportional quantities of land.
- The causes of this surplus profit stem from differences in fertility, location, tax rates, productive forces, and distributions of capital. (And, presumably, other reasons as well.)
- Social production (especially under capitalism) has a tendency to create differences in geography by separating manufacture into cities and agriculture into an isolated countryside and also a tendency to destroy differences in location by developing the means of transport and communication.
- The fertility of the soil is determined not just by natural factors but also by economic ones, ie, the chemical and mechanical abilities of the production process. These tend to standardize fertility but almost never truly can.
- "*It should not be forgotten that the general rate of profit is not uniformly determined by the surplus-value in all spheres of production. It is not agricultural profit that determines industrial, but vice versa.*" (pg 793)
- It is wrong to assume that greater production automatically means supply goes above demand, as it is entirely possible new uses are found, etc, and demand keeps pace.
- Generally, it is the production price of the worst soil that yields no rent which is chief in determining market price, but this can change if other soils produce enough to gain a large share of the market and sway prices.
- Differential rent can develop while the price of the product stagnates, rises, or falls.

- If land use grows while soil quality remains the same, the rate of rent does not change. If land use grows in such a way that good quality soil grows relative to bad quality soil, the rate of rent rises. Bad quality soil up relative to good soil, rate of rent goes down.
- If land use grows, proportions of soil quality stay the same, but capital investment grows, then rent rises. Capital investment falls, rent falls.
- The "rate of rent" is the ratio between the total rental and the total capital applied. (pg 803)
- "*Firstly, the rental always grows with an expansion of the cultivated area and therefore with an increased capital investment, except for the case when the entire growth falls on the non-rent-bearing soil. Secondly, both the average rent per acre (total rental divided by total number of acres tilled) and the average rate of rent (total rental divided by the total capital invested) may vary very significantly; and even if both move in the same direction, they may still move in different ratios.*" (pg 805)
- Capital invested in tilled land receives a certain sum in return, and untilled land is sold on the assumption that it will make a similar return. Even though the land produces nothing yet for commerce, it is sold at a price and by a contract which assumes it will, and thus its sale price is determined by the land already being used by capital.
- Bad soil may be preferable based on location, and often it is found alongside good soil.
- The colonies produce a large amount of agricultural products not always because their land is rich but more often because they are being exploited and wrangled by the world market which has given them these tasks.

Chapter 40: The Second Form of Differential Rent (Differential Rent II)

- In the first form, surplus profits were derived by the difference in productivity between two areas of land with different but equal capitals being applied. Now, surplus profit emerges over time (through successive turnovers) on the same land. This creates a situation where surplus profits and therefore ground-rent (which is a form of surplus profits) is more unstable. (pg 813)
- The farmers push for longer-term contracts so that future surplus profits can be kept by them, and the landowner pushes for shorter contracts so they can negotiate and make sure they don't miss out on any surplus profits.
- A group of "assessors of rents" emerge to mediate this process and its accompanying struggle.
- Differential rent I forms the historical basis for differential rent II.
- The capitalist mode of production finds expression in sheep-farming and stock-raising before vegetable agriculture, etc, as these things are brought under the control of private owners quicker.
- "*The capitalist mode of production takes hold of agriculture only in a slow and uneven manner, as we can see in the case of England, the classical land of the capitalist mode of production.*" (pg 815)
- Differential rent II can be said to be a different expression of differential rent I because it too is based on differences in productivity of equal capital applied on an equal quantity of land, that land being more fertile or productive in one case than in the other. Now, though, it is the same land at different points in time instead of different land.
- Differential rent I and II can act together or against each other.

- Surplus profits not actually due as rent may be called “potential rent,” because that’s what they could have been.
- It is possible, under various circumstances, for the prices of production to drop while surplus profits also drop, instead of surplus profits growing as one might expect.
- In differential rent I, if production price and differences in land are constant, a rise in productivity may lead to a rise in rent per acre, rent per capital, and total rent. However, the overall rate of rent has not actually changed (or, a certain amount of capital investment still produces a certain amount of surplus profit, etc).
- In differential rent II, you are dealing with an actual change in the rate of rent, etc, when the productivity of one section of land changes.

Chapter 41: Differential Rent II - First Case: Price of Production Constant

- Price of production is assumed as constant for all of the following.
- Productivity and capital stagnant, surplus profits and rent are stagnant.
- Productivity rising, capital the same or falling, surplus profits and therefore rent increase.
- Productivity the same or falling, capital rising, surplus profits and therefore rent increase.
- Productivity rising slower than capital is rising, surplus profits and rent grow (absolutely), but at a lower rate.
- "*Considered from the standpoint of capitalist production, then as far as a fall in the cost price is concerned, rather than an increase in surplus-value - and a saving in costs on the surplus-value-forming element, labour, does the capitalist the same service as a rise in surplus-value itself; it similarly forms profit for him as long as the governing production price remains the same - it is always cheaper to employ constant capital rather than variable.*" (pg 828)
- "*The relatively greater advance of constant capital reduces the cost price, other things being equal, as it also reduces the value of commodities. Hence although profit arises simply from the surplus labour, i.e. simply from the employment of variable capital, it can seem to the individual capitalist that living labour is the most expensive element in his production costs, which should be reduced to the smallest possible minimum. This is simply the capitalistically distorted form of the correct statement that the relatively greater application of past labour, compared with living, means an increase in the productivity of social labour and greater social wealth. This is how everything appears from the standpoint of competition: incorrectly, and standing on its head.*" (pg 829)

Chapter 42: Differential Rent II - Second Case: Price of Production Falling

- "*The production price may fall while productivity on the additional investments of capital remains constant, falls or rises.*" (pg 832)
- If the productivity of extra capital remains the same, the only way the price of production can fall is if a better land produces enough to meet demand and make the worst land superfluous for production, essentially taking it out of competition.
- "*if the production price is given, whatever its level might be, the rent can rise as a result of extra capital investment.*" (pg 838)
- "*In so far as so and so much extra capital was needed to withdraw capital from [the worst land - KK] and make up the supply without it, it is clear that this may be accompanied by a rising, a falling, or a stable rent per acre, if not on all lands, then at less on some, and for the average of the lands tilled.*" (pg 839)
- Falling productivity for extra capital can cause the price of production to fall and the rent per acre to grow, decline, or remain the same.
- Rising productivity of extra capital allows the worst land to be replaced as the standard of production prices much quicker.
- Rent rises with a growth in the productivity of capital if (1) the capital is applied more to better land than to worse, or (2) if it is applied equally but achieves greater fertility in the better lands.

<u>Chapter 43: Differential Rent II - Third Case: Rising Price of Production.</u>

<u>Results</u>

- "*A rising price of production presupposes a decline in productivity on the lowest quality of land, which pays no rent*." (pg 847)
- Engels clarifies that it is the difference in fertilities that is important and determinant, not the absolute level of fertility. (pg 851)
- Engels rewrites/re-explains basically everything from the previous chapters of this part.
- "*This means, therefore, that in the great majority of all possible cases, rents rise, both per acre of the rent-bearing land and particularly in their total sum, as a result of increased capital investment on the land. Only in three cases out of thirteen investigated does the total rent remain unchanged. These are the cases where the most inferior quality of land, which formerly bore no rent and governed price, drops out of competition, and its place is taken by the next higher quality, which thus ceases to bear rent. But in these cases, too, rents rise on the best types of land in comparison with the rents arising from the first capital investment*" (pg 858)
- The only way total rent would fall is if the entire worst half of the soil dropped out of competition and thus some of the better soil stopped producing rent.
- The more capital is applied, agriculture is developed, and civilization has progressed, the more the absolute mass of surplus profits in the form of ground-rent exists.
- Imports from imperialist and colonial projects can be sold at below the production price and can actually lower prices and devastate local agriculture, even if extra capital is steadily applied.

- The formation of surplus profits can happen in various ways (differential rent I: difference between lands [space], differential rent II: difference between turnovers [time]), and it is transformed into ground-rent when paid to the landowner. This usually presupposes general prices of production.
- Given a declining rate of productivity on extra capital investments, land would cease to produce rent only once the production on that land costs as much as on the worst land.
- The rent on better lands does not necessarily fall with the rent on the land on the note above, so long as the extra capital being applied unproductively there does not make up a considerable part of the total capital invested in that sphere of production.
- As long as additional capital leads to surplus productivity, it will produce a greater overall (absolute) rent per acre, even if the actual rate of surplus profit/rent (relative) has fallen.
- If, to achieve average prices, more than average capital is applied, surplus profits are actually eaten into, and this means that rent may fall not just relatively in proportion to capital but also absolutely overall.
- Rent can disappear only if the entire surplus profit goes into achieving average prices.
- Differential rent I forms the basis of differential rent II, but once both are established, the form limits for each other. Differential rent I may lead to successive capital investment on one piece of land, and differential rent II may lead to capital leaving one land for another.

<u>Chapter 44: Differential Rent Even on the Poorest Land Cultivated</u>

- "*differential rent II enables the better land that already bears rent to govern the price, and how in this way all land, even that which was previously devoid of rent, may be turned into rent-bearing land*." (pg 874)
- The products of better soil become dominant on the market, prices of production (selling prices) rise, and so the worst soil is able to produce a surplus profit/rent simply by continuing to produce at the old cost while sales prices have inflated.
- Rent can be gained on the worst land if an even worse land is found and used, but this falls under differential rent I, not II.
- With a constant price, even a lower one than at some point previously, differential rent II may arise on the worst land if the additional capital investment leads to surplus productivity.
- "*We have seen how the successive decline in surplus productivity of capital investments always increases the rent per acre when the price of production is constant, and how it can even do this when the price is falling.*" (pg 878)
- Under the capitalist mode of production, prices rise whenever more outlay is required to create the same product.
- Natural elements which go into production without costing anything can be considered "free natural powers" of capital or labor. If these suddenly cost money, or if they are insufficient to meet demand and must be supplemented, or if they must be replaced, etc, production becomes more expensive.
- "Permanent improvements" are meant to artificially raise poor land to the standards of better, and rent is paid on them in just the same way.

- "*The same labour produces the same value for the product created in a given time; but the size or amount of this product, and thus the portion of value which falls to a particular aliquot part, depends for a given quantity of labour solely on the amount of the product, and this in turn on the productivity of the given amount of labour, not on its absolute amount. Whether this productivity is due to nature or society is quite immaterial. But in the case where it itself costs labour, i.e. capital, it increases the costs of production by a new component, which is not the case when nature alone is involved.*" (pg 880-81)

Chapter 45: Absolute Ground-Rent

- P = general production price that governs the market

  A = product of worst land

  A = P, no rent

  B = slightly better land

  P' = individual price of production for better land

  B = P', P > P', ie, P pays for more than the actual individual production price

  P - P' = d

  d = surplus profit made on better land (in this case, B)

  For even better lands, such as C or D, we subtract P'' or P''' from P to find 2d or 3d.
- If we assume that A does gain rent, then A = P + r, r = rent, and assuming this r (surplus) is not taken from capital or labor, it is brought about by A selling at a price different than its production price.
- This situation would not change the relations of differential rent. The distance between each type of land (A, B, C, D) would not change. Therefore, whether there is or is not rent is immaterial to our formula/law. It is therefore easy to assume, for the sake of simplicity here, that A does not produce a rent.
- "*Differential rent presupposes precisely the monopoly of landed property, landed property as a barrier to capital, for otherwise the surplus profit would not be transformed into ground-rent and would not accrue to the landland instead of the farmer.*" (pg 885)
- This barrier can only be lifted (and thus, landed property temporarily abolished) under specific and usually accidental circumstances, such as; the capitalist being his own landowner, the capitalist paying for a certain section of land but using more, the capitalist

increasing capital investment without yielding an additional rent. But none of these ultimately solve the issue.

- The landowner will not lend his land until the capital employed on it is capable of paying a rent, and therefore, since the worst land, A, does not produce rent, it would never be lent out. Not until the market price has risen above the production price for land A would it gain a rent. Therefore, the market price is raised artificially high for the sake of producing a rent on such land and therefore making cultivation on it possible.
- "*Landed property has produced this rent itself.*" (pg 889) This is unlike the previous rents which emerged simply by differences in capitals.
- It is possible rent is paid by deductions from wages or profits, but in that case, it is not that a "rent" has been produced as a specific category but more that a "rent" has been made from the other categories. In this case, genuine rent is not paid even though there is a lease-price. However, in the normal situation of capitalist production, rent and lease-price coincide.
- Owning land does not necessarily produce a rent. That is up to the capital employed on it.
- "*It has been shown that the production price of a commodity may stand above or below its value and coincides with it only in exceptional cases. But the fact that agricultural products are sold above their price of production in no way proves that they are also sold above their value; just as the fact that industrial products are sold on average at their price of production does not show that they are sold at their value. It is possible for agricultural products to be sold above their price of production yet below their value, just as many industrial products on the other hand yield their price of production only because they are sold above their value*." (pg 892)

- The price of production of a commodity is equal to the capital which went into it plus the average profit. The relationship between its value and this price of production is determined by the proportion between the variable and constant capital invested to create it. That ratio is the organic composition of the capital. If more labor (variable capital) went into it than average, it contains a surplus value above the average, and therefore its price of production is below its value. If it contains less variable capital/surplus value, it is sold at a price of production greater than its value.
- If a sphere of production has a lower than average composition (ie, more v than c, more money spent on wages), this is an expression of lower than average productivity of labor. If a sphere of production has a higher than average composition (ie, more c than v, less money spent on wages), this is an expression of a higher than average productivity of labor.
- Rent can arise because the price of production of agricultural products is below their value, but it never will under normal market conditions. It is only by the outside force of the landlords, who demand rent, that this new form of rent, absolute rent, emerges. (pg 895-96)
- The price for agricultural products can stand above their price of production without reaching their value.
- Price of production = k + p, k = cost, p = average profit

  k + p + d = value of product, d = difference between production price and value

  p + d = total surplus value
- Landed property drives the price of agricultural products above their price of production, but it is the market which determines how much this is allowed. (pg 898)

- If agriculture has the same organic composition as the social capital in general, the basis for absolute rent disappears.
- The organic composition of capital generally rises, even in agriculture, but here it is affected more or less by the natural conditions at work as well.
- Absolute rent helps to explain why rent arises when there is not differential rent or a monopoly in existence to explain it.
- "*The extent to which agricultural rent proper is simply a monopoly price can only be a small one, just as absolute rent can only be small in normal conditions, whatever the excess value of the product over its production price may be. The essence of absolute rent consists in this: equally large capitals produce different amounts of surplus-value in different spheres of production according to their differing average composition, given an equal rate of surplus-value or equal exploitation of labour. In industry these different amounts of surplus-value are equalized to give the average profit and are divided uniformly between the individual capitals as aliquot parts of the total capital. Landed property, whenever production needs land, whether for agriculture or for the extraction of raw materials, blocks this equalization for the capitals invested on the land and captures a portion of surplus-value which would otherwise go into the equalization process, giving the general rate of profit. Rent then forms a part of the value of commodities, in particular of their surplus-value, which simply accrues to the landowners who extract it from the capitalists, instead of to the capitalist class who have extracted it from the workers. It is assumed in this connection that agricultural capital sets more labour in motion than an equally large portion of non-agricultural capital.*" (pg 906)

Chapter 46: Rent of Buildings. Rent of Mines. Price of Land

- "*Wherever rent exists, differential rent always appears and always follows the same laws as it does in agriculture.*" (pg 908)
- Rent on buildings is determined partially by location, partially by the need for housing/the size of the population, and uniquely by the passive nature of the owners of the buildings which have their price determined largely by outside forces since the buildings are not necessarily active or self-valorizing.
- "*One section of society here demands a tribute from the other for the very right to live on the earth, just as landed property in general involves the right of the proprietors to exploit the earth's surface, the bowels of the earth, the air and thereby the maintenance and development of life.*" (pg 908-09)
- In rapidly developing cities, it is ground-rent and not houses (buildings) themselves that are the real object (aim, goal) of speculative building.
- After the lease is up (99 years was standard at the time), the land goes back to the original owners.
- "*Rent of mines is determined just as is agricultural rent.*" (pg 910)
- Monopoly price is determined by the ability/willingness of the buyer to pay for something which is in limited supply.
- Monopoly price can determine rent (for instance, wine being sold above its value could cause rent to rise on the vineyard), and rent can cause monopoly prices (for instance, if the landlord demanded so much rent that the commodity had to be sold above its value).
- "*From the standpoint of a higher socio-economic formation, the private property of particular individuals in the earth will appear just as absurd as the private property of*

one man in other men. Even an entire society, a nation, or all simultaneously existing societies taken together, are not the owners of the earth. They are simply its possessors, its beneficiaries, and have to bequeath it in an improved state to succeeding generations, as boni patres familias. (Good heads of the household)." (pg 911)

- The price of land may increase without an increase in rent if there is a fall in the rate of interest, meaning rent is sold more dearly, and so capitalized rent, the price of land, increases, or because of a growth in interest on capital incorporated in the land.
- The price of land may rise because rent increases.
- Rent may increase because the price of the product of the land rises.
- Price of product constant, rent may grow because new lands of better quality are cultivated without so much new land being cultivated that it affects the market price.
- Rent may rise if the capital employed on the land grows.
- Price of the product declining, rent may rise because differential rent has grown even more or because productivity has increased enough to more than compensate for the drop.
- All of these may act together, against each other, alternatingly, etc.
- It is clear that a rise in the price of land does not always mean a rise in rent. A rise in rent always means a rise in the price of land. And, a rise in rent does not always mean an increase in productivity.

Chapter 47: The Genesis of Capitalist Ground-Rent

- "*We have already noted how the Monetary System correctly proclaims that production for the world market and the transformation of the product into a commodity, hence into money, is the precondition and requirement for capitalist production. In its continuation as the Mercantile System, it is no longer the transformation of commodity value into money that is decisive, but instead the production of surplus-value - albeit from the irrational standpoint of the circulation sphere, and at the same time in such a way that this surplus-value is expressed in surplus money, in a favourable balance of trade.*" (pg 920)
- Marx says classical economics was "actually on its deathbed" in his time. (pg 921)
- 923, Marx makes fun of Mommsen for thinking every monetary economy is capitalist.
- Because rent was paid in kind in previous modes of production, early economists of capitalism presumed that rent was the product of the land, which it no longer was, instead of the product of a surplus value (profit) and a price. (pg 924)
- "Labour rent" is rent paid via labour, ie, the worker goes to land belonging to the landlord and does additional work on it which is used to pay the landlord. Surplus labor is here directly rent, instead of being profit and rent.
- Here, the worker maintains ownership of the means of production and subsistence. They simply do additional work for the landlord.
- "*Under these conditions, the surplus labour for the nominal landowner can only be extorted from them by extra-economic compulsion, whatever the form this might assume. This differs from the slave or plantation economy in that the slave works with conditions of production that do not belong to him, and does not work independently.*" (pg 927)

- The specific way in which surplus labour is exploited determines the relationship of the classes and grows from the form of production itself (although it in turn influences production). It is the basis for the entire political and social system that exists alongside it, but is not the only thing which determines these things. (pg 927-28)
- Labor rent is the most basic (early) form of rent and becomes less common as production develops.
- Rent in kind does not change the fundamental nature of ground-rent as it existed previously as labor rent (statute-labor). In fact, the earlier form doesn't disappear.
- Rent in kind requires a higher level of production, so that the product of labor on the workers own land is able to meet the needs of surplus required to pay the landlord in rent.
- The laborer therefore no longer sees a separation in time and space between his work for himself and for his landlord, as the labor process is continual instead of having to go perform statute-labor a certain number of times a week on different land than his own.
- With Money Rent, "*The character of the entire mode of production is thus more or less changed. It loses its independence, its separation from any social context… The basis of this type of rent, however, though it is now approaching its dissolution, remains the same as for the rent in kind that forms its starting-point. The direct producer is still the hereditary or otherwise traditional possessor of the land, who has to provide for the landlord, as proprietor of this most essential condition of production, an excess and compulsory labour, i.e. unpaid labour provided without an equivalent in the form of the surplus product transformed into money… The transformation of rent in kind into money rent that takes place at first sporadically, then on a more or less national scale,*

presupposes an already more significant development of trade, urban industry, commodity production in general and therefore monetary circulation." (pg 933)

- Money rent is the last form of the ground-rent we have discussed so far (ie, ground-rent as the only representative of surplus labor), and is actually the form of its dissolution.
- Monety rent, developed fully, must transform the land into free peasant property or land under the rule of the capitalist mode of production, rented by a capitalist farmer.
- "*Rent has now been transformed from the normal form of surplus-value and surplus labour into an excess over the part of surplus labour that is claimed by capital as a matter of course and normally - an excess peculiar to one particular sphere of production, the agricultural. Instead of rent, the normal form of surplus-value is not profit, and rent now counts as an independent form only under special conditions, not a form of surplus-value in general but of a particularly offshoot of this, surplus profit… It is no longer land, but capital, that has now directly subsumed even agricultural labour under itself and its productivity.*" (pg 936)
- Share-cropping forms a transitional stage to capitalist rent. Here, the share-cropper provides their own labor as well as some capital, while the landowner provides the land as well as some capital, and the two split the products of the work.
- Rent is no longer the only form of surplus value (labor). It is mixed up with profit, interest, etc.
- Slavery goes through its own evolution, like rent.
- Marx says the American plantations functioned under "capitalist conceptions."

- In small-scale peasant ownership, the peasant is a "*free proprietary of the land, which appears as his main instrument of production, as the indispensable field of employment for his labour and his capital.*" (pg 940)
- This can only be prevalent alongside capitalism when the latter is little developed.
- "*The agricultural smallholding, by its very nature, rules out the development of the productive powers of social labour, the social concentration of capitals, stock-raising on a large scale or the progressive application of science.*" (pg 943)
- The price of land is anticipated rent (capitalized rent). (pg 944)
- Any sum of value is potential capital under the capitalist mode of production.
- Capital formation is weak when the backbone of the economy is a class of small peasants.
- "*Here, in the case of small-scale agriculture, the price of land, as a form and result of private property in land, appears as a barrier to production itself. In the case of large-scale agriculture and large-scale landed property resting on the capitalist mode of operation, property similarly appears as a barrier, since it restricts the farmer in the productive investment of capital, which ultimately benefits not him but the landowner. In both forms, instead of a conscious and rational treatment of the land as permanent communal property, as the inalienable condition for the existence and reproduction of the chain of human generations, we have the exploitation and the squandering of the powers of the earth.*" (pg 948-49)
- "*Small-scale landownership presupposes that the overwhelming majority of the population is agricultural and that isolated labour predominates over social.*" (pg 949)
- "*Large-scale industry and industrially pursued large-scale agriculture have the same effect. If they are originally distinguished by the fact that the former lays waste and ruins*

labour-power and thus the natural power of man, whereas the latter does the same to the natural power of the soil, they link up in the later course of development, since the industrial system applied to agriculture also enervates the workers there, while industry and trade for their part provide agriculture with the means of exhausting the soil." (pg 950)