

CHAPTER 11 — THE MEANING OF WEALTH IN POLITICAL ECONOMY

We are now in a position to fix the meaning of wealth as an economic term. The confusion into which, after more than a hundred years of cultivation, the teaching of political economy has fallen as to the meaning of its principal term is clearly due to confusion as to the meaning of the term value. The scholastic development of political economy since Adam Smith has tended to cover up the vital distinction between the two sources of value in exchange; that originating in the storing up of labor, and that originating in what I have called obligation — the power, often devoid of moral right, to compel the expenditure of labor.

This is the condition in which the orthodox political economy now is. It has not only not discovered what its principal term, wealth in the economic sense, really is, but it has so confounded other terms as to give little light on the search.

Value from production, which is the only kind of value which gives wealth, consists in application of labor in the production of wealth which adds to the common stock of wealth. Wealth, therefore, in political economy consists in natural products so secured, moved, combined or altered by human labor as to fit them for human satisfaction. Value from obligation, on the other hand, though a most important element of value, does not result in increase in the common stock, or in the production of wealth. It has nothing whatever to do with the production of wealth, but only with the distribution of wealth, and its proper place is under that heading.

As there is a reason for everything, in the mental world as truly as in the physical world, so there is a reason for the disposition to include in the term wealth everything that has value, without regard to the origin of that value. It springs at bottom from the desire on the

part of those who dominate the accredited organs of education and opinion (who wherever there is inequality in the distribution of wealth are necessarily the wealthy class) to give to the mere legal right of property the same moral sanction that justly attaches to the natural right of property, or at the very least to ignore anything that would show that the recognition of a legal right may involve the denial of a moral right. As the defenders of chattel slavery, and those who did not wish to offend the slave power, not long since dominant in the United States, were obliged to stop their examination of ownership with purchase, assuming that the purchase of a slave carried with it the same right of ownership as did the purchase of a mule or of a bale of cotton, so those who would defend the industrial slavery of today are obliged to stop their examination of the nature of wealth with value, assuming that everything that has value is therefore wealth, thus involving themselves and leaving their students in a fog of confusion as to the nature of the thing whose laws they profess to examine.

As commonly used the word wealth, when applied to the possessions of an individual, includes all purchasing power, and is indeed in most cases synonymous with exchange value. But this use of the word is really representative, like the similar use we make of the word money. We say that a man has so much money, without meaning that he has in his possession so much actual money. We mean only that he has what would exchange for so much money. Such representative use of the word money or of the terms of money does not, in everyday affairs, in the least confuse us as to the real meaning of the word. If asked to explain what money is, no one would think of saying that sheep and ships, and lands and houses are money, although he is in the constant habit of speaking of their possession as the possession of money.

So it is with the common use of the word wealth. In the economy

of individuals, to which our ordinary speech usually refers, the word wealth is commonly applied to anything having an exchange value as between individuals. But when used as a term of political economy the word wealth must be limited to a much more definite meaning. Many things are commonly spoken of as wealth in the hands of the individual, which in taking account of collective or general wealth cannot be included. Such things are not really wealth, inasmuch as their increase or decrease does not affect the sum of wealth. Such are bonds, mortgages, promissory notes, or other stipulations for the transfer of wealth. Such are franchises, which represent special privileges, accorded to some and denied to others. Such were slaves, whose value represented merely the power of one class to appropriate the earnings of another class. Such are lands or other natural opportunities, the value of which results from the acknowledgment in favor of certain persons of an exclusive legal right to their use, and the profit of their use. Increase in the value of bonds, mortgages, notes or bank-bills cannot increase the wealth of a community that includes those who promise to pay as well as those who are entitled to receive. Increase in land values does not represent increase in the common wealth, for what landowners gain by higher prices the tenants, or ultimate users, who must pay them, are deprived of. And all this value which, in common thought and speech, in legislation and law, is undistinguished from wealth, could, without the destruction or consumption of anything more than a few drops of ink and a piece of paper, be utterly annihilated. By enactment of the sovereign political power debts might be canceled, franchises abolished or taken by the state, slaves emancipated, and land returned to the general usufructuary ownership of the whole people, without the aggregate wealth being diminished by the value of a pinch of snuff, for

what some would lose others would gain. There would be no more destruction of wealth than there was creation of wealth when Elizabeth Tudor enriched her favorite courtiers by the grant of monopolies, or when Boris Godonof made Russian peasants into merchantable property.

All articles of wealth have value. If they lose value, they cease to be wealth. But all things having value are not wealth, as is erroneously taught in current economic works. Only such things can be wealth the production of which increases and the destruction of which decreases the aggregate of wealth. If we consider what these things are, and what their nature is, we shall have no difficulty in defining wealth.

When we speak of a community increasing in wealth — as when we say that England has increased in wealth since the accession of Victoria, or that California is now a wealthier country than when it was a Mexican territory — we do not mean to say that there is more land, or that the natural powers of the land are greater, for the land is the same and its natural powers are the same. Nor yet do we mean that there are more people in the same area, for when we wish to express that idea we speak of increase of population. Nor yet do we mean that the debts or dues owed by some of these people to others of their number have increased. But we mean that there is an increase of certain tangible things, having a value that comes from production, such as buildings, cattle, tools, machinery, agricultural and mineral products, manufactured goods, ships, wagons, furniture and the like. The increase of such things is an increase of wealth; their decrease is a lessening of wealth; and the community that, in proportion to its numbers, has the most of such things is the wealthiest community.

Thus, wealth, as alone the term can be used in political economy, consists of labor impressed upon matter in such a way as