

## CHAPTER XVIII.

### "ABILITY" AND THE PRODUCTION OF WEALTH.

Not satisfied with the sufficiency of the commonly accepted factors that are credited with the production of wealth, there has now been thrust into the problem a word to account for the fact of the rapid rise of millionaires among all civilized people. This new factor is called "ability."

Rev. John McDowell, of the Second Avenue Presbyterian church, Detroit, in a meeting of the Men's Club of that religious society, repeated several times that wealth was the result of land, labor, capital and "ability." And when brought to task for this new division of the things that produce wealth, mildly insisted on the division, though willing to admit that "ability" was a certain kind of labor. At a later meeting, however, he acknowledged that "ability" was after all only a division of labor.

Still, many do not see this as did the reverend gentleman after studying the problem, and even at the risk of repeating what has been said a number of times, it is well to review the ground and see just what are the elements entering into the production of wealth. Once grounded in fundamentals, any student of political economy will be able to evade many pitfalls and will have made plain to his mental vision numerous economic footpaths that might otherwise be obscure.

It is self-evident that without land—meaning by "land" all the material things of the universe, as soil, water, air, minerals and vegetables—no human being could exist. Land is the first great necessity of life and therefore it must come first and is first in everything. A sailor once said very seriously that he thought it

would be a good thing if there were less land to run against, as the sea was swarming with life that needed nothing but water. And for one, he insisted, he could get along very well without land.

Any such restricted meaning of the word as was in the mind of this seaman will not do. It must be understood that economically water is as much "land" as is the soil that gives crops. Besides, while it is perhaps possible that were this world water alone, it might in some way retain its identity among the planets that circle around the sun, it would hardly be a world in which even sailors would care to live.

After land comes labor. That is the next necessary step in the production of wealth. An uninhabited world would have no value to anyone, for there would be no one to enjoy it. Its great forests, of whatever precious woods composed, could minister to the satisfaction of no one. The gold and iron, the copper and coal within its depths could never be utilized. Until man came none of these things had value in the sense of being available for the satisfaction of man's desires. They were where Nature put them, but there they would have remained until the wreck of worlds had reduced all material things to its original elements had not man stepped upon the scene.

With brain and brawn—labor—man produces wealth. He exerts his strength, and the mines give up their precious metals, and the soil provides bounteous harvests. From the forests and the quarries come those natural elements that are by him shaped into useful and pleasurable forms. Thus by simply changing into and commingling the elements provided by nature, man is housed, and clothed and fed. As before labor was land, so before wealth was land and labor. Land and labor are the prime factors in the production of wealth.

But man has been given a brain whereby he is able to reason and invent, and he has found that wealth can be so changed in form as to aid him in production. At

first he had but the rudest of tools—a stone ax, or the combination of two stones that assisted him in grinding the seeds of the field into flour. With the exercise of his intelligence came a greater power of invention, until, after ages of improvement, the marvelous mechanism of today makes him the superior being he is. He has conquered Nature in many directions, though there are still unknown forces of which he has only an inkling, and which he utilizes in but the crudest way.

That part of wealth used to produce more wealth is called capital. It is not land. It is not labor. It is not wealth. And yet it is composed of all these elements. To talk of land as capital or wealth, or capital as labor or land, is to make confusion worse confounded. As well might one call a human being land, because the elements of which the human being is composed all come from the land.

Standing on the dock at the foot of Woodward avenue, one can see almost any day in the season of navigation a dozen or more great freighters conveying the products of the northwest—principally ore, lumber and grain—to the Lake Erie ports, or carrying cargoes of Ohio and Pennsylvania coal, with now and then a load of merchandise, to the Lake Superior ports. Every boat represents these three elements—land, labor, capital. It is the labor of skillful men that has combined the raw material into vessels that float and ponderous engines that propel. Labor, and labor alone, has made senseless iron and wood beautiful examples of utility and beauty.

And now comes the originators and followers of the new university teaching, and adds to land, labor and capital, "ability." As has been shown, the prime factors in production are land and labor. Capital, whose parent is wealth, which comes from labor, is powerless in itself to accomplish anything. It cannot even save itself from dissolution. What, then, can "ability" be but a new name for labor? For it is

not land or capital. It can do nothing without land. There is, therefore, no necessity for befuddling the problem of the production and distribution of wealth with any such exclusive term. All honest labor is simply ability in some direction. Whether one digs a ditch, or shoves a plane, or controls a throttle, or directs a great commercial enterprise, it is a division of one and the same thing—labor.

What is possibly meant by "ability," however, is not so much the power to produce wealth in excess of the capacity of other men, as the power to juggle commerce and reap advantages impossible for all to share. The great trusts, with which the country is today dominated, have not succeeded in increasing the productive powers of man, or even of their own manufacturing and workshops, except in very small degree. Their wealth has come from an entirely different source. They are millionaires and billionaires because they have been able to so manipulate legislators as to decrease competition among themselves while increasing it among others. The cost of living has increased faster than wages. Wealth producers as a whole are poorer for the change.

There is not so much difference between the abilities of men as between their opportunities. We are all creatures of environment. Only last year the Duke of Berwick and Alba, a young man of twenty-three, came into possession of a batch of titles including four dukedoms and seven marquisesates, with many thousands of acres of land in the heart of commercial England, on which a dense population must in some way subsist. Little difference does it make as to his "ability." Were he an idiot his income would run into the thousands of dollars a month. The sons of the railroad, iron, oil and trust magnates of the United States also are born with environments that give them munificent incomes. No effort has ever been made to show how the "abilities" of their fathers have increased production. They have played fast and loose with great lines of trans-

portation, have manipulated the market so as to induce people to buy, only to have the stocks depreciate, and then have bought them back; and have acquired patents only to suppress them, as their use would interfere with the existing status of affairs. Or, like Astor, they have fallen heir to or bought land, and have sat down and let the natural increase in population make it valuable. Those who have not done these things are not millionaires.

There is a difference in men's ability to produce wealth. It is seen in the work done by ditch diggers as well as in those larger affairs of life requiring the use of vast capital. But there is no such difference in wealth producing powers as in the private fortunes seen in all civilized communities today. If everybody had the "ability" of a Morgan, a Rockefeller or a Vanderbilt, would everybody be millionaires? Rather if all possessed this kind of ability only, would not the world be the poorer for the exchange?

The ability to conduct business is a valuable addition to the productive capacity of any community, and is entitled to fair reward. Not everyone can so combine the wealth producing capacity of a thousand men and women as to increase the sum total of the wealth produced over and above the individual efforts of each unit. Those who can do this are entitled to more than those who cannot. But this ability alone has never yet made a millionaire. To be effective in the rapid accumulation of wealth it must have combined with it an industrial status that compels the wage-worker to take for his share of the joint product just sufficient to enable him to exist. In addition to the market value of the ability of the captain of industry there must be added to this wage that indefinite portion which is termed "profit," and which could never arise had all wealth producers the opportunity to use their own talents for their own benefit.

Another evidence of the wealth that comes from "ability" is that of George H. Phillips, the Chicago

"corn king." With a working capital of \$500,000, in a short time he cleaned up \$2,000,000. Although Mr. Phillips was so much richer by his manipulation of the market, the country as a whole neither gained nor lost in wealth. Mr. Phillips "made his money" in a month by squeezing some other speculators who thought they knew as much as he did. His increased wealth has the same relation to production as that of the man who buys pine land at \$1.25 an acre, holds it until demand enables him to sell it for \$10 an acre, immediately puts the money into other land, and in the course of a lifetime becomes a multi-millionaire.

The ability to forestall a market has the same effect on the wealth of an individual as the ability to create it. Yet the effect on society is vastly different. The man who gets rich by such means does not give value received. In proportion, as he has much, the real wealth producers have little. And it is because the United States have furnished so many opportunities to gauge the future so far as the demand for land or the products of land is concerned, that there is such a brilliant array of millionaires who have not created as much actual wealth as the humblest citizen working for the American Car Company for \$1.25 a day. We are apt to denounce the man who, seeing an approaching famine, buys up the food supply, and holds it at what is considered an exorbitant price; yet we are full of praise for the great business man who, seeing that increase of population will increase the demand for pine, or mineral, or agricultural land, buys it up and charges future purchasers all the market will stand. And yet land is as necessary to existence as its products. Indeed, the controller of land has at his mercy all mankind, for all must live off it.

Just how much society as a whole is benefited by this class of business men is left to others to determine. While they have demonstrated in what direction the wealth of the country lies, it is equally certain that they have not created a demand for labor, but have

actually restricted the opportunity for labor to employ it itself. And it is doubtful if they should be pointed to as shining examples for the rising generation to emulate. There are more noble traits in humanity than the mere sagacity that enables the business man to plant himself between God's free gifts and man's necessities.

Alfred Russell's authorized interview on "The new dynasty of wealth," in the Sunday News-Tribune in November, 1900, was an evidence of how much an intelligent and genial man may know in one direction, and yet be so ignorant in another as to miss the very essence of what is known as the labor problem. His whole article is based on the contention that the possession of wealth is *prima facie* evidence of superior ability to create it. His logic is good, but his foundation is a false one.

No wage-worker rails at wealth, not even the much-maligned anarchist. Few among those who as laborers create wealth are envious of their neighbors. If anything they are too respectful to them, heap too many honors on the possessors, and ape their follies too closely for the good of the republic. Those who demand a division are few and far between, but those who demand that the present inequitable divisions shall cease are becoming a mighty multitude.

Great fortunes have not come into the possession of the few because of superior ability to produce them. Hardly one of our millionaires—and particularly those who have control of the railroads of the country—have attained their eminence by improving the property coming into their possession. Many a railroad has been wrecked in order to buy it in, exploit the property and make combinations that enabled them to sell out at a gain. They have manipulated the stock market and gulled the public. Did Mr. Russell ever hear of Jay Gould? Can Mr. Russell put his finger on a single thing Gould did to increase the wealth of the country? And yet he died a many-time millionaire.

Gould is but a type. There are many like him. The major part of the Huntington and Vanderbilt and Rockefeller millions do not represent economies, but pluckings. They are superior to the average wealth producers mainly in that conscienceless cunning that enables them to beg valuable concessions or bribe legislatures for privileges. And where the wealth does represent economies, they are the economies proposed and invented by others who are wage-workers.

Back of pretty much every great fortune will be found a special privilege. No merchant or manufacturer ever accumulated immense wealth from his legitimate business. It had to be a monopoly in some way, bought from a legislature, enacted into a statute or protected by the patent office. And the patents that have made fortunes for their owners have seldom returned much, if anything, to the inventors. The gift of inventing and of making the invention commercially profitable do not march together.

The real labor question grapples with this problem of inequalities in the distribution of the wealth of the producers. It does not trouble itself with present accumulations, but demands that future pluckings shall cease. Wealth is not a menace only as it gets into the pockets of those who do not produce it. All the luxuries of civilization are welcomed as helping to the pursuit of happiness, but the workers demand that those who erect shelters shall enjoy shelters, those who grow food shall not go hungry, and those who with cunning fingers weave cloth shall not be naked.

The remedy for inequalities in wealth is the repeal of special privileges. Where any enterprise takes the form of a natural monopoly that cannot be reached by free competition, then "judicious combination" becomes a necessity. But this combination must include the whole people. Municipalities have through experience found it necessary to municipalize certain industries. They have found themselves so outrageously exploited by private corporations that in self-defense water works and gas and electric light plants have become



public property, cost regulating the price. Sometimes these businesses have been badly managed, but the very worst of them are infinitely preferable to the best under the control of exploiters.

The same reasoning that has led to the building of public water works is bound to extend to the "socializing" of all the railroad systems of the country, one of the most potent factors in the unequal division of wealth. With the means of transportation in the hands of the community many of the sources of robbery will be wiped out, and the natural play of demand and supply will make it impossible for any combination not especially protected to fleece the public. After that the monopoly of the natural resources—the land—will begin to receive the attention it deserves, and the increment of wealth due to increase in population will be the source from which all taxes will be paid, leaving to the wealth producers the wealth they have created.

"Ability" will be recognized at its true cash value, and while the millionaire will disappear it will be, not because of any decrease in the wealth-producing powers of the world, but because of a more equitable distribution of the wealth created.

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#### THE ORGANIZATION OF INDUSTRY.

Perhaps the greatest sufferers from the wrongs which the combinations have done society have been the wage earners, but in spite of this fact we do not close our eyes to actual facts and conditions, or join in the general howl simply for the purpose of howling. The cry is now from a large number for untrammelled competition, and the old cry which was turned against the organized efforts of the workers for improved conditions is turning against the combinations of capital. They grow, and will grow, and I have no hesitation in saying that the organization of industry upon a higher and more scientific basis will continue. In the midst of greater concentration of wealth and the vast development of industry, it behooves the workers more ceaselessly than ever to devote their energies to organized labor, and to counteract the effect which otherwise their helpless and unprotected condition will have upon them.—*Samuel Gompers at Trust Conference in Chicago.*