

Econo-quiz

By HENRY T. L. TIDEMAN

Question. Why cannot a planted crop be accounted capital, defined as wealth in the course of exchange, from planting time until it comes into the possession of consumers?

Answer. If we were so to consider it, we would get into a peculiar dilemma. It was just such thinking that led able economists such as John Stuart Mill, into the notion that wages were drawn from capital. Were the question to be affirmatively answered, then in the question before us, rent and interest along with wages would have to be considered as drawn from capital; for they would each be a part of the crop. Amplification is probably desirable.

The production of wealth is a dynamic process. In the study of dynamic physics the basic concepts are space, force and time. Using levers and cams, we can apply force to overcome inertia with a resultant advantage in time; thus getting things moved, if necessary, more quickly than otherwise.

These concepts are elements in political economy, though two of the words are changed. Thus space is called land, force is called labor, and of course all production requires time.

Labor produces wealth in space during time. An advantage in space (land) gives rise to rent and advantage in time, given by the leverage of capital, gives rise to interest. It must of course be realized that the purpose in the use of capital is to increase production; the object being to increase wages; but interest is an inevitable by-product.

Man must labor. Nature has so decreed. Planting and cultivation is a normal use of space. The planted crop in the question affords no unusual advantage in time, it simply occurs.

But if capital be available, more space can be cultivated beginning now, rather than at some future time. Capital affords that "advantage in time." That is its function.

The increase of value resulting from labor day after day, season to season, whether it be in extractive or adaptive industry or in exchange falls into the categories of wages, interest and rent. Until these values can be considered as removed from the categories of distribution, mixing them with factors of production will lead only to confusion.

Let us be reminded of our definition: Capital is wealth devoted to the increase of the production of wealth. It is not merely wealth in the course of production.

nce, 50 E. 69th Street, New York 21,
Davis, Editor. Entered as Second
ions, \$1 a year; single copies, 10c.