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Throughout the World.

CAPITALIZATION OF LABOR.

(For the Review.)

By S. TIDEMAN.

A recent issue of a popular and generally excellent weekly contains an amusingly innocent article in which the author, as a solution of the industrial problem, gravely propounds the question: "Why should not labor be capitalized as well as money?" Just as if money were ever capitalized.

The suggestion is unnecessary. Labor is capitalized, quite to the limit, and some more. When the capitalization goes too far, so that the product of labor cannot sustain it all, then we have a financial panic. That is the breakdown of over-capitalization.

Labor is the only thing that can be capitalized, because it produces all wealth, which is the prospective object of capitalization. When we speak of capitalized mining stock, railroad stock, traction stock and so fourth, we merely classify and denominate by species, but labor is always the genus. Capitalization, above actual tangible capital, represents no existing wealth, but wealth which labor is expected to produce and turn into a given channel, and by that channel is the species named. When money, paid on stock or otherwise acquired, is converted into means of production or held for such use only, then those means, that amount, is the capital by the use of which labor is expected to make good the capitalization, bonds included if any there be.

Corporate stock is not the only means of capitalization. It is really a sub-species. Land is the primary class of property endowed with this power and function. The market value of land, improvements excluded, is all capitalization pure and simple, the same as "water" in stocks. The price (or value) represents the dividend (economic rent) which must be extracted from the wealth industry produces from it or on it by the application of labor and capital. The balance is their earnings.

The value of a capitalization, above that of actual capital, what might be called the liquid value, is an economic expression of governmental functions, protection and service, to which it is wholly due. In private hands it is an irresponsible power to tax, i. e., to perpetually collect tribute from the wealth which labor and capital create, without compensation or the rendering an account of its use. It is not a power of capital, but of monopoly. To call monopoly "capital" in economic discussions, as some slipshod writers and speakers have a habit of doing, is to use a term of counting house philosophy where it does not apply.

The amount of wealth available for distribution is always limited by the ability of labor and capital to produce. With the sources monopolized and the holders thereof all eager to secure the largest possible share by raising their capitalization to the top notch, it is but natural that labor and capital find their earnings stripped to the smallest amount acceptable, and that any sudden raid of a panic throws them largely out of means to continue their functions.

Wealth, whether capital or otherwise, is the product of labor. Its value is limited by the cost of its reproduction and so can not be capitalized. But privilege is different. It is not wealth. It is monopoly, a taxing power, which, if unchecked by the government, capitalizes in the market to the value of the wealth it can, when used, extract from labor. Thus is labor capitalized into the coffers of privilege, and the laborers get that much less of the wealth produced. Do not here forget that "Labor," in the economic sense, includes the whole list of useful activities, from that of the university professor to the simple work of the coal shoveler and the street sweeper. We are all partners, fellow citizens, in one co-operative undertaking where each should be allowed to do his best and to receive the honor and reap his reward accordingly. The country is the common estate in the orderly and equitable disposition of which equality of citizenship is conferred.

Three great evils are inevitable results of unchecked monopolistic capitalization. First, It separates society into two antagonistic classes, one of which earns what the other receives and between which intelligent unity of purpose and policy becomes impossible. Second, Being a violation of the fundamental law of property ("man's right to himself" and therefore to the wealth and value which the expenditure of his energy produces), it necessarily and naturally engenders general corruption of laws, government and morals. Third, The private control of natural opportunities and public service raises prices and charges to closest proximity of the prohibition line where industry cannot safely comply with the demand, thus hindering production, progress and development on the one hand, while on the other fostering the feverish intensity of struggle so injurious to individual and society alike. And as an economic result, the major part of the great value which the protection and service of a stable and orderly government gives to the activity of a highly specialized and efficient labor, becomes absorbed by the privileged class to the great injury of the nation as a whole.

The great question now before the industrial world—and that means all those engaged in useful pursuit, of whatever trade, profession or calling—the great question in whatever shape or formula we find it, is that of discovering and applying the means for regulating and controlling capitalization, so that labor and capital shall be set free to do their best without let or hindrance and reap the reward without any undue tribute. Such a means, very simple and very effective, well understood by students and not entirely untried is close to hand whenever the people and their statesman are ready and willing to apply it, and it is: The taxation of all capitalization, i. e., its liquid value, the monopoly, even up to its limits when necessity calls for it, and the prompt abolishment of other taxes wuich are now an additional burden on industry.

By taxing all monopoly value, which the protection and service of government create, the people will only be taking that which, by the law of "man's right to himself, collectively" belongs to them as a whole, and thereby strip privilege of its power. Only one mode then remains of making monopolies desirable and profitable: their utilization, the very purpose for which possession and protection were granted and guaranteed. By abolishing taxes on industry we will also be at last complying with the law of "man's right to himself, individually," expressed in the constitution of our country by the injunction that no private property must be taken for public use without just compensation.

GOD'S LAW IN POLITICS.

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By EDWIN I. S. HARDING

In this the day of adult franchise, and popular government, it is customary to believe that the voice of the people is the voice of God.

That a measure or policy has received the assent of a majority more or less large, is a sufficient reason in the minds of most people to give it the highest sanction.

It does not occur to them, that the trite old saying, "put not your trust in princes" may be rendered, "put not your trust in governments," and that every evil that can be committed by a royal despot, can equally be perpetrated by a so-called democratic government. We shout "the greatest good for the greatest number," and applaud that motto as if it were the highest attainment of triumphant democracy—whereas the motto "Justice for all" is infinitely higher. And if men would only believe in it, and work for it in the right way, they would find it just as attainable as the other.

There is far too much disposition in our day to depend on governments. We need to learn that there are many things that a government cannot do, and that there are many more that it should not do.

It is the province of political economy to teach us what things governments can do, and what things they cannot do; also what they ought to do, and what they ought not to do.