

Natural Law in Nome

By Donald MacDonald

An excellent illustration of the accurately reciprocating action of the laws of rent, wages and interest was given in the early history of the discovery of gold at Nome, Alaska.

Gold was discovered at Nome, in 1901, quite accidentally, by Lopp reindeer herders who had accompanied the deer in the Government's experiment to replace the whale, walrus and seal, the Eskimo's sole source of clothing and food supply, which had been practically destroyed by uncontrolled hunting.

When news of the discovery reached the interior camps, footloose miners, prospectors and their entourage of lawyers, wise guys, prostitutes and mixed adventurers headed for the new field. A scant handful (less than one hundred) armed with fictitious "Powers of Attorney" permitting them to stake claims in the names of other men, arriving in advance of the thousands that were coming, speedily staked all the ground that was known or was expected to contain gold.

As usual, while both the spirit and letter of the law had been disregarded in this staking, a benign Government looked with tolerant eye on those who wanted, through claim titles, to enslave their fellow men. Unfortunately, this seems to be the primary reason for government. We must remember that this Alaskan government was composed of non-resident appointees, lawyers in most cases, only too anxious to "get in on" the discoveries of hard working men through legal misinterpretation and evasion. Naturally, they were lenient. The result was that the thousands who came later milled around, blindly conscious of a great injustice, but unable to really perceive its cause. They, of course, were also animated by the same idea that the claim owners had, and this blinded them. Man really enslaves himself through his desire to enslave others.

As time went on, the claim owners became conscious of their strangle

hold on production; they demanded royalties of 50% of the output. Result, development lagged. Further result, unemployed miners starved. Wages receded from the five dollars a day Alaska minimum to three dollars and a half a day. Just enough, in that tough environment, to keep body and soul together and with parsimony; not enough to last through the long winter. A lower wage than that described in the "Iron law of Wages", since that law provided for reproduction. Economic rent as represented in royalties or in "capitalized" selling price of claims rose by leaps and bounds, as, of course, wages fell.

Revolt stirred the frosty air, as the long winter approached and miners thought of their empty pokes. Miners' meetings were held. Prospectors of a hundred wild camps recalled how only two years before they had held the Dawson bound steamers on the Yukon and compelled them at the rifle's muzzle to disgorge needed supplies for the lower river camps. Two officers of the United States Army who told those desperate men that soon the Yukon would run red with the blood of miners were answered that they'd better be damned careful or their own blood would be mingling with the Yukon "right now." Talk was of the old day when the only law was the miners' meeting, when no lawyer was allowed in a mining camp. The miners' law was quick, sure and hard. Theft meant banishment with enough supplies to reach the coast. No man could hold land and not work it. (That was an axiom brought whole from California gold days.)

In such an atmosphere the frightened non-resident judiciary cal-

led for troops to back the claim owners.

Frontiersmen with scant respect for robes of office hiding the pallid souls of sedentary men, looked with cold eyes on the colors of the United States, upheld by the professional soldier in most cases driven to his calling by lack of ability to compete efficiently in a free field. They had no fear of soldiers. They knew their own cause was just. The American people would uphold them. Rifles were oiled and cleaned. Secret meetings held. Organization of the dispossessed proceeded. Daily the situation became more tense. An explosion could occur at any minute. Soldiers and frontiersmen eyed each other on the streets. Antagonists are created by the immutable decrees of Nature when her economic laws are perverted by political decree.

Into this strained situation burst a new factor. A desperate miner, driven to the last extremity, and knowing the old adage that "gold is where you don't find it," panned the beach—the ocean beach—below the high water line. To his astonishment he found gold, and gold in paying quantities. He panned two hundred dollars his first day. Below the high water line he could not stake a claim. The length of his pick handle and the radius of his shovel were the limits of his holding. The gold sowed fairly evenly distributed throughout the beach area and extended for miles.

Immediately there was a surge of men to the beach where an average (it is roughly estimated) of \$30 a day could be made. Hundreds of men worked the beaches. Wages went up rapidly. And as all wages went up, the prices asked for claims on the mainland went down. Many of the claims beyond the economic margin of the beach diggings were surrendered. Land value, that bugaboo of economists, did a summer-saltic gyration. Reflecting originally a low wage condition it tended

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almost to disappear. Only those claims that were tremendously rich could be worked at all. Claim owners were begging laborers. Automatically, in a hundred ways, as men had gold to satisfy their desires, hundreds of opportunities for both capital and labor were created. As an instance, a friend of mine, a "capitalist" possessing an iron wheel from which he made a wheel barrow, made "better than wages" bringing in to Nome the cargoes of the ships as they were lightered to the beach. His wheel barrow evolved rapidly into horses and wagons. He became the Nome Transportation Co. Of course, within a week after the desperate miner's discovery the whole tense situation on the mainland was forgotten.

The obvious lesson of this historic incident is that free access to nature was all that is needed to employ both labor and capital—to raise wages and interest and, of course, reciprocally to lower economic rent and the barrier that such rent creates in capitalized land value. Also, the conflict that had impended between labor and government disappeared as its cause, monopolistic holding, was removed.

The classic sophistry of Socialism that a conflict exists between capital and labor is utterly disproved. Land is not capital, nor is monopoly capital. The difference between the economic means and the political means is clearly demonstrated. Government can create value by passing monopolistic law and creating and enforcing legal barriers. It cannot create wealth.

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