

# Monopoly's Menace to Labor

By MARTIN E. PEOK

We have with us today certain individuals called "Authorities"—a title as false as an obituary—who, mouthing the philosophy embodied in certain folklore, are determined to remind us that our productive system is capitalism. This is a misnomer as far as labor's relation to the system is concerned, and when historians write of our times they will wonder why this fabrication emanating from avariciousness was foisted upon and accepted by a democratically inclined proletariat.

From the myriad of Sacred Books written by the Authorities, we garner that the life blood of capitalism is the steady flow of capital into the productive process. These writings, entitled "Principles and Practice of Economics," imply that capital emanates from the savings of labor. It, together with land and labor, is brought into production by the enterpriser. The Sacred Books describe the enterpriser as being an extremely important individual who undertakes the business, assumes the risk, and inherits certain patriarchal duties relevant to the distribution of the shares of wealth that go to land and labor—the primary factors in production.

Because the worker is the source of capital, he is encouraged to practice thrift. The worker's savings are placed with the capitalist (investment banker) who in turn lends them to the enterpriser. Thus, the risk bearer is able to purchase additional machines, expand plant, encourage new inventions, put more men to work, raise the margin of labor, and reduce the cost per unit.

For the use of this capital, the capitalist receives interest, part of which is returned to the worker. To function smoothly and tend toward an equalization of shares in distribution, both the "Authorities" and their sacred "Principles" counsel a minimum of interference on the part of the primary factor—labor—with the enterpriser and capitalist. In short, the enterpriser will work only for profit and the capitalist only for interest. Further, the greater the profits accruing to the enterprise and the higher the rate of interest paid the capitalist, the greater will be the wages of labor, for, in the last analysis, the interests of the capitalist, enterpriser, and worker are identical.

Let us depart from the recital of this Holy Writ, which takes a profound view of human nature and state our thesis: Capital no longer comes from the earnings of labor. Its source is the cost of production. The enterpriser, thanks to the monopoly of land and vested interests, confiscates the product of labor and thus obtains capital by invoking the law of monopoly price. To argue otherwise is to deny history. Prior to 1890, the American Frontier served as an outlet for the savings of labor and the landless population. Between that date and 1914, we witnessed the growth of monopoly. Plant expansion was necessitated by immigration, an ever-lowering death rate, and a rapidly approaching war. Then came a short period of war investment with the Government assuming the risk, followed by the construction and expansion of American owned plants in foreign lands. Then came the panic and depression and labor's savings represented by stocks and bonds, tobaggoned to the very bottom of the scale of value. In the last decade, and I quote the report of the Temporary National Economic Committee, ". . . no one but the government has been willing to go into debt." (Monograph No. 37, p. 109.) Government financing of the present war material plant expansion adds reliable proof to this assertion.

The end of the "free land" era in the United States was a warning to the proletariat that a new age—land monopoly—was at hand. In the interim between 1890 and our times, monopoly in its rise to power slowly throttled investment in new fields and at the same time restricted output in existing fields.

What has been the result? A recent report of the Federal Reserve Bank of New York gives us the answer. The report states that 400 of America's largest corporations showed a 26 per cent increase in profits for the first nine months in 1941 over the same period in 1940, and a 78.6 per cent increase over the same period in 1939, after paying corporation and excess profits taxes, and providing for depreciation, depletion, contingency reserves, and other bookkeeping items.

What do such terms as, "Government bearing the full burden of financing plant expansion" "and depreciation depletion; and contingency reserves," infer? They indicate the presence of a new phenomenon in our economy—the absence of the enterpriser from the capital market. The enterpriser with these reserves has become a capitalist and a landowner. His profits, which come from the cost of production, include interest on his own capital which he has confiscated from labor via monopoly and land ownership. As a consumer, the worker is, in fact, paying to the enterpriser-capitalist a return that, according to the capitalistic theory, should go to the worker. Thus, it is the worker who is assuming the risk; and nowhere in this new pattern of production are the interests of the factors concerned identical!

You ask: "Why does the proletariat adhere to this pious fraud?" The answer is simple: The laboring class is the victim of deceit and fear. The "Authorities" in chanting their folklore are employing the most effective of all propaganda techniques. Repeat a lie over and over again, and the victim will accept it as the truth. Monopoly realizes that production for use with labor having a free access to the land and a full reward for its efforts will mean the end of power. Therefore, the proletariat is encouraged to be-

(Continued on page 233)

(Continued from page 227)

lieve that association in equality will result in sloth and final disintegration of society. To prevent this catastrophe, the state within the state must be retained and the worker is encouraged to become a member of that inner state. In accepting this theory, the worker places himself in a position that prevents him from examining any other opposed to it.

The success of disseminating to the proletariat the teachings of Henry George depends primarily on penetrating and destroying the philosophy of the inner state. Once this has been accomplished, the first battle will have been won.