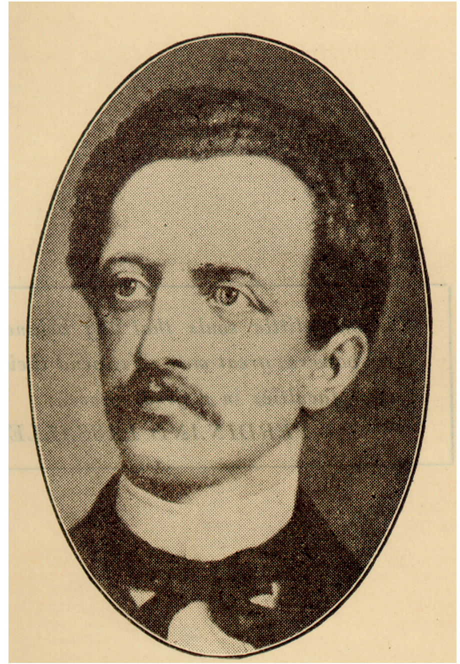
WHAT IS CAPITAL?

BY FERDINAND LASSALLE

Freely translated by F. KEDDELL from
Chapter IV. of
Herr Bastiat Shultze von Delitsch



FERDINAND LASSALLE (1825–1864)

I.
CAPITALIST FALLACIES.

Let us take the definition of capital which has hitherto passed muster; not, of course, that childish definition of Bastiat's, that capital is "the saved portion of a man's income," for that is manifestly too absurd and ridiculous; but the other definition that "capital is the instruments of labor"; or the one which is universally given by all economists, that "capital is hoarded labor"; or, if you like, a third, that "capital consists of products which are continually applied to further production."

Now look at this Red Indian in the primeval forests of America, who is out hunting for his subsistence with his bow and arrow. Is this man a capitalist? Is this bow and arrow capital? You see all the three definitions are fulfilled. The bow and arrow are unquestionably an instrument of labor. Nobody, too, can deny that it is the result of expended labor. What is more, it is a product which is continually used for further production. Yet it would be flying in the face of common sense to call that Red Indian a capitalist! You see, therefore, that somehow or other all these definitions must be incorrect.

Or perhaps you will say—and the man who would say this would say anything—"Yes, the bow and arrow is capital, and the Indian is consequently a capitalist." Then I can easily show you that that bow and arrow is not capital.

Neither is the Red Indian a capitalist.

To make this quite clear, imagine yourself for a moment out in the woods with just such a bow and arrow. The bow and arrow will serve to shoot game. It will,—since it is an instrument of labor,—also help you to carry on your work of providing for your own subsistence. But if, as I am afraid would be the case, you were to get tired in struggling through the forest with your moccasins on after the game, you will find no chance to lay out your bow and arrow at interest; and that, as all the world knows, is the distinguishing characteristic of capital. So you see that this bow and arrow, after all, is an instrument of labor, but it is not capital.

But assuming, under the impression that it was merely because your bow and arrow was hoarded labor in the form of bow and arrow that you could not make it do duty as capital—assuming, I say, that you wished to exchange it, and went, for this purpose, to barter with our original Indian. Very likely this Indian, if your bow and arrow suits him, will do a bargain with you. He will give you in exchange, say, a deer he has killed, or some furs, or, if in a gold-bearing region, he may even hand you—just think of it!—a great nugget of gold. But you have no possibility whatever of making profit out of these articles where you are. In order to make these goods productive—interest or profit bearing—you must just betake yourself to other countries where matters stand on a very different, in short, on a European footing. But mark you this: in the assumed historical conditions in which you are placed you cannot possibly do any such thing. Not only so, but now, with the things for which you have bartered away your bow and arrow—your game, your furs, your fine nugget of gold—you are a deal worse off than you were with the bow and arrow, which would at least enable you to keep yourself—if you shot straight. You can grasp now—and I advise you to hold fast to it—that there are historical conditions in which there are instruments of labor, in which you may even barter or exchange, but in which, nevertheless, there is no capital.

Following, then, upon these explanations which all readers of socialist economy know well, we can say that, although we have here instruments of labor, there is yet no capital because there is no division of labor, since the instruments of labor—the means of production on a very small scale—are in the hands of the laborer himself or at his command, or, in the other words, labor alone is itself productive. Here, then, aptly comes the statement that the independent productivity of capital, its breeding, as Shylock says, its profit-making apart from labor, is possible only under a system of division of labor, and is the consequence of that division of labor.

II.
INDUSTRIAL SOCIETY IN CIVILIZED ANTIQUITY.

Now let us take a look at the condition of civilized antiquity. Here we already have a certain amount of division of labor and greater wealth, however small it may be in comparison with ours of to-day. But you can see, in this case, that the ancient owner of property was the combined possessor of landed property, slaves, and all the products of labor, as well as of all the instruments of labor. Is this man a capitalist any more than the Red Indian? Not at all. If you take a Shah of Persia in olden times, to whom belonged the country over which he ruled to the full extent of his will together with all the wealth and people in it, would you say that this man was "a great capitalist"? Most assuredly not.

Just the same with the ancient owners of property. The person to whom belong, as of lawful possession, not only the instruments of labor, but the very laborer himself, cannot be a capitalist. His share of the result of the social production comes to him, not because the instruments of labor belong to him, but because the laborer himself belongs to him. The slave, by whose agency he allows the labor to be done, is only another sort of tool for him, and the tool only another kind of slave. This absence of separation and distinction has for its result that we have here masters, but not capitalists; articles of value and wealth, but not capital. You can trace this farther if you bear in mind the determining characteristics of the ancient economy.

The ancient landowner and slaveowner commanded that articles of use for his own household needs should be produced in the first place. He sold only the surplus of such articles. Or if he carried on manufacture with his slaves—an exceptional case, by the way, and one peculiar to citizens of low social rank—he sold the industrial products so obtained. With the money paid him he purchased articles of luxury for his own consumption from all the countries within his reach. But he accumulated the gold remaining over, after his luxurious tastes had been gratified for the time being, in order that he might purchase luxuries in the future. So much of it he hoarded, that is to say, as he did not use to acquire more landed property and more slaves, which served for the extension of that "natural" form of production in which he was "lord" and "master," but not capitalist. At first, and indeed long afterwards, he had no opportunity of laying out this, his gold, at interest in foreign production.

For this very foreign production was itself the natural growth of the surplus of another "natural" system of production, and did not call for the modern system of credit, which can only be set on foot in a society where values in exchange (commodities) are exclusively produced. When openings for such an investment of gold begin to manifest themselves, the moral sense of the people—public opinion—declares against it; this public opinion being in turn only the consequence of the long continued, and, to all appearance, permanent, economic conditions just described. You can easily see why usury or interest on capital made way with such extreme difficulty against the public opinion of the ancients. You can easily comprehend why it was considered, according to their view, shameful, mean, low, dishonest, in the ancient sense, to lend at interest.

If Aristotle, Cicero, Seneca, the Fathers of the Church, and the Canon Law, one and all, consider interest on capital shameful, and meaning the same as usury; if, under the Roman Republic, the taking of interest was legally forbidden; if Cato lauds that decision of his ancestors, according to which the thief was fined twice the amount stolen, but the man who took interest four times the amount; if the Catholic Church refused to the usurer the sacrament, the right of bequest, and Christian burial; and if, on the other hand, Jeremy Bentham, and with him the whole precious school of Liberal political economists, can see in usury only the most indefeasible and "natural right" of mankind—why, henceforth, surely the reason for this striking contradiction must stare us in the face, and the discrepancy can be explained with the greatest ease.

The jurist, say the Roman jurists, "notices only what generally happens." Still more true is this of the moral views of the people which grow out of their economic conditions. They, too, notice only that which generally happens.

Borrowing went on in antiquity as it does with us. But so long as the inducement and the opportunities for investing loans in foreign production were lacking—and, as we have seen, this very foreign production was based only on its own natural economy and the surplus thence arising—loans of money were taken only for purposes of consumption. They were, therefore, incurred on account of personal neediness and embarrassment; though this embarrassment might be only that of the Roman edile, who wanted to deck the circus with purple for the public games and hadn't the necessary sum at command.[1]

[1] In the days of small production, the usurer was simply a leech, who profited by the distress or the improvidence of others to suck their blood. The money which he loaned to others was, as a rule, put only to unproductive uses. If, for instance, a nobleman borrowed money, he did so to spend it in

To take advantage of the need and necessities of a borrower, who devoted his loan exclusively to purposes of consumption, and was not an atom the richer for it than he was before he incurred it, is on every ground shameful; and this, antiquity and the Church have both justly recognized. But loans for purposes of production are now overwhelmingly preponderant—loans which the borrower at once applies to productive undertakings. Such a loan is contracted, beyond question, by reason of embarrassment; but only out of that single and perplexing embarrassment: how to get richer. And, quite naturally, this sort of embarrassment the lender gladly shares with the borrower! In other words, the productive loan is, economically speaking, a share in the profit of the business; and the contradiction between the ancient and the bourgeois view of the loan-monger and usurer—both of them, observe, arrived at in consequence of the dominant economic character of loans peculiar to the respective periods—is thus cleared up by the consideration of the actual historical conditions. As, therefore, the opportunity for lending money for productive investment begins to extend more and more in one direction, actual prohibition is enforced in another; public opinion is increasingly hostile and struggles against its introduction in practice. The investment of wealth in foreign production (and by its investment in his own natural sphere of production the investor remains, always "master," never as yet "capitalist") therefore always forms a relatively insignificant part of the ancient investment of wealth.

"Almost wholly in landed possession, a trifle out at interest." Such, even at so late a period as that of Pliny, is the statement of the wealth of a Roman senator. Even of so proverbially wealthy a man as Crassus, Plutarch says, when he enumerates his various properties, silver mines, landed estates, agricultural slaves, etc., "all this is really nothing in comparison with the value of his domestic slaves, so many and so admirable were they, readers, writers, silver-testers, overseers, attendants, &c."

Almost all these slaves were means of enjoyment. The ancient economic system, which in its active shape is "lordship," not "capital," develops into such means of enjoyment, not into "capital." There were instruments of labor, means of enjoyment, values and riches in the ancient world, but still no "capital." Estimated by this

debauch; if a farmer or mechanic borrowed money, it was mainly to pay his taxes, or some other government dues; neither, as a rule, needed any money for productive purposes: they owned their own instruments of production, or acquired them by barter. In those days interest was considered immoral, and was everywhere condemned.—*The Capitalist Class*, p. 2. New York: New York Labor News Company.

dominant form of the entire system, there was still no "productivity of capital" when, for instance, Sophocles makes his slaves carry on a sword factory. In this case of manufacture with a view to trade the "natural" character of the economic system first disappears. But, on the other hand, the characteristic of actual personal mastership remains unchanged in this form of production; and, secondly, this manufacture is first carried on only in commerce, which, as already stated, is already sufficiently developed. These slaves now produce all the articles of consumption which their owner wants in the form of swords, which are exchanged for those articles of direct consumption; but these swords fulfill their function as articles of use or enjoyment, or, in the shape of money, act as the means of purchasing all articles of use or enjoyment, and thus represent only these latter. But the swords do not yet appear in the form of prolific capital in its own free and independent productiveness, in its power; that is, of piling up interest for its possessor.

No doubt the first step is already taken in this manufacture with direct reference to the value in exchange of what is produced. But this first step itself finds a stumbling block in the way of its further progress in the shape of the entire social and economic environment of the ancient world. The wealth and gold of antiquity formed the capitalist embryo out of which capital itself was later developed. But the development of that wealth into the specific and individual form of capital had not as yet by any means taken place.

III.
INDUSTRIAL SOCIETY IN THE MIDDLE AGES.

Glance at another period of culture. Contemplate the owner of the soil in the Middle Ages, the noble seigneur with his castles and halls, serfs and subjects, villages and towns. Was this man a capitalist?

Do not entertain the common, crude notion that in those days people lived on the produce of the fields alone. Production was then well developed, comfort was great, the means of enjoyment were numerous, varied and refined. Ulrich of Lichtenstein in the 13th century, describing a reception by his wife, says she was clothed in a garment of silk and gold trimmed with ermine: eight women waited on her, all well clothed; her bedroom had a hundred lights, the mattress was covered with velvet, and the sheets were of silk. Ulrich, in describing a lady's wardrobe, counts up twelve dresses, ten caps adorned with pearls, three mantles of white velvet, and a saddle white with silver. The lady had twelve pages all clothed in white, and her horses were covered with cloths of velvet. Was, however, the owner of all these fine things—was the lord of the Middle Ages a capitalist? By no means, and I will prove this as clearly of the Middle Ages as I did of ancient times.

In the Middle Ages slavery did not exist, and the serfdom which took its place gradually softened down to a system of personal bondage, running through many degrees and stages, until it became a patchwork of services. This gave the Middle Ages their special feature. The actual living man was no longer regarded as private property, but particular acts to be performed by him were so regarded. It was a system of particular services to be rendered, a system of rights due to one man from another man, and these rights included the performance of particular acts and the delivery of particular products. *This* is distinctive of the Middle Ages.

Let us look at the economy of the feudal landlord a little more closely. Apart from the work of the serfs, we find the fields of the lord tilled and sown by those from whom socage was due. The services rendered varied in every possible manner and degree, for the dwellers on the free farms, as well as those on other homesteads had each and all to do their part; the former worked for the lord from five to six weeks in the year, and the latter three days a week, without payment.

Over and above the actual work in the fields, let us see what the feudal lord received in other ways. Let us look at what happened on the day when the dues were paid. They consisted of rye, barley, hares, bacon, oxen, pigs, eggs, butter, oil, fruits, wax, honey, etc., etc. Those who lived in the villages and towns under the sway of the lord had to work for him according to their trades without payment. The women also paid their dues: pieces of linen, woolen stuffs, etc., etc.; some gave their work only; others had to find the raw material and to work it up as well.

Nor were the dues confined to mechanical labor or to furnishing material objects. Advice was due to the feudal lord on all occasions when he asked for it. If the lord wished to hear a song or see a dance, there were those who had to sing and dance for him. Taste in those days was rather low, and some of the services that the feudal lord could and did exact can hardly be described at the present time.

What, then, was this feudal lord? He was a rich, a very rich man; but he differed from, say, the Rothschilds of the present day, because he could not capitalize his dues.

The feudal lord could consume, or keep for future consumption, all the means of enjoyment which the age placed at his command; but he could not employ them in such a way that they increased; his position rested upon *value in use*, or, what is the same thing, upon services, and had nothing to do with *exchange value* or money. It is true that he drew interest from part of his wealth, but this was devoted to procure those luxuries which were not purchased in his own country. Even if he had superfluous money and interest he could not capitalize and increase them by employing them in the production carried on in his own country; for everything was so neatly and regularly arranged, so stable and immovable in this system of services, where labor, duties and burdens were so accurately defined that there was no possibility of change.

Superficially, the burghers and masters in the cities and towns of the Middle Ages would appear to have been in a very different position from that occupied by the noble landlord; but, as a matter of fact, we find the same social arrangements bringing about the same results. Let us look at the later part of the Middle Ages, when the guilds had reached their highest development. The master in a guild, whose right to be a master could rest either upon his father having belonged to the guild, or upon his being a citizen, or upon any of those circumstances with which in the Middle Ages the right to become a master was bound up—the master pursued his craft in virtue of a particular right. He stood, therefore, on the same footing with the landlord so far as what they both owned was based on particular rights, whilst the factory lord of to-day exercises only a business relationship. But if this master were privileged, if he, as a particular individual, possessed particular rights, then of necessity there were others around him who had also their particular rights, which limited and circumscribed the rights and privileges of each and every master at every point.

In this idea we find the source of the innumerable regulations of the Middle Ages which determined what particular material the master should use, what plan of work he should follow, the hours of work to which he should be limited, the wages he should pay, the quality he should make, the prices he should charge, etc., etc. All this and more is to be found in the statutes and decrees of the Middle Ages.

The master has the privileges of a master as a particular individual, and he stands face to face with two groups of equally privileged individuals. In the first place we have the group formed by all the other industries or crafts, the masters of which also have their rights; and for this reason no master can unite two industries, however closely related they may be, or however beneficial to production their union might be. In the second place we have the group formed by other masters of the craft, and for this reason no master is allowed to employ more labor than any other master in that craft; that is to say, the number of apprentices in every town and in every craft is duly determined and settled. These two limitations rendered the capitalization of the produce of industry in the Middle Ages impossible.

In the Middle Ages, therefore, the industrial classes and the landed classes stood on practically the same economic footing: what was produced could be consumed or be kept for future consumption, but could not be used as capital. There was, however, one particular point at which we find capital commencing to develop, namely, in the world-commerce which was carried on principally through Venice and with the East. Here the limitations imposed by the statutes of the Middle Ages broke down and exercised little or no influence; for, even so long as they remained in force, they failed to reach the productive power of capital at its root.

When the way to India round the Cape of Good Hope was discovered by the Portuguese, the rich family of the Fuggers, of Augsburg, sent an expedition thither on which they made a profit of 175 per cent. The profits of the world-commerce were enormous, and to them must be added the gains of the usurers, who, in the Middle Ages, carried on their business through mortgages and advances on agricultural products.

Thus what was in embryo in ancient times developed in the Middle Ages and became full-grown capital. The tendencies of the time, the rise of the Middle Class, were all in the direction of invention and discovery, of division of labor, of economy in production, increase of sale, that is, in the direction of developing and perfecting those instruments and aids of production which were powerless in the olden times.

Thus, gradually, capital threw off the fetters that had hitherto confined it, and at the end of the last century all limitations and regulations of the period of rights and services had disappeared, free competition was assured, and capital appeared in its gigantic strength. "Liberty," as the middle class understood it, was established; each and every one was free to become a millionaire—if he could!

A single glance at the distinctive features of this period will show that they are all summed up in "free competition." The bourgeois producer, in industrial as well as in agricultural production, knows nothing of particular rights. All the distinctions and conditions which arose out of the recognition of "rights" have disappeared; in their place we find the one essential condition: that of having capital in hand to make the necessary advances without which there is no production. All the old limitations having been removed the principle of division of labor comes to the front and production is divided up into a never-ending series of partial operations and of production for the world-commerce. All is now exchange value; everyone produces that which he does not want and cannot use; and, as opposed to the services and the production of value in use of the Middle Ages, we have now the products of industry exchanging with each other in the money form.

This is as much the case with agricultural as with industrial production; for the latter form stamps the character of the age. Anyone who now, for example, produces corn does so not for his own consumption, but for the world market; and he can no longer discharge his liabilities with the product of his work, whether he uses large capital and incurs great expenses, or is only a small producer with liabilities that press even more severely upon him; he depends upon the prices quoted in the great markets of London, Paris, Berlin, and Amsterdam; so that even in the supply of food he produces only exchange value and the production of use value sinks into a shadow.

IV.
INDUSTRIAL SOCIETY UNDER CAPITALISM.

The law of Ricardo that the prices of products are regulated by the cost of production is now in full force. In the Middle Ages prices were fixed by the producer, who could always insist upon a regular profit. But under the influence of capital all this is altered. Each one underbids the other to obtain fresh custom or to retain that which he already has. For the consumer this is a benefit in the shape of cheapness. But this lowering of prices is only obtained by an increase of sale; the small profit obtained on each article is only compensated by the sale of a larger number of articles. The natural result is that production is carried on upon a larger scale, with greater concentration of work, larger supply of raw material, and an augmented output. In other words: under free competition the greater the capitalist the more he overpowers and swallows up smaller capitalists.

Here we have the productive power of capital; the pound of to-day produces another pound. Here also we find the origin of our complicated system of credit; the capital which is in excess of the requirements of a business, whether temporarily or permanently, is employed by way of loan, partnerships, shares, etc., in other forms of production.

Up to the present we have regarded the producer simply as a producer. Let us now look at him in his two capacities: employer or contractor, and worker; and distinguish the particular features which free competition imposes. The fate of both is determined by the price of the product in its sale, and by the proportion of it which free competition gives to each. The value of the product is at first to be found in the market price; that is, it depends at each and every moment upon the relation between the supply of the article and the demand for it. But this in its turn is subject to the fundamental law that, in the long run{,} the price of a product is the same as its cost of production. Say, for example, that the supply of an article is so great that the price falls below the cost of production, then the production of that article will either cease or be moderated; on the other hand, if the price of an article be so high as to yield more than the usual profit, then by virtue of free competition capital will be attracted to that particular industry, and the supply will be increased until the price is brought down to the cost of production.

The market price of a product oscillates like a pendulum, but with great irregularities, and its many changes very often have unpleasant and ruinous consequences for the individual capitalist; for he may be forced to sell his wares when prices are low and may not be able to place his wares on the market when prices are high. But this only concerns the individual; the capitalist class, as a class, is not affected by it; for it is at such times that the smaller capitalists are crushed, and the supremacy of large capitals over small capitals is established.

As regards capital, these oscillations in prices compensate one another on the average, and not a single hour of labor, not one drop of the sweat of the worker is lost to capital; they are all paid back to capital by the consumer. If this be the position of the capitalist as regards the consumer, what is it that determines the proportion of the proceeds of the product which shall come to the worker? What is it that determines and settles the wages of the worker?

Under the present system of production the average wages are limited by an iron law to the necessary means of subsistence, to the minimum of food, etc. This has been disputed by certain political economists. In opposition they assert that the price of labor is regulated by the demand for it as compared with the supply of it. The people who assert this look upon labor as they do upon any other kind of merchandise, and they do this quite rightly, for it is with labor as with merchandise or wares, its price is determined by demand and supply. But what is it that regulates, that determines, the market price between demand and supply? As we have already seen, this is determined by the cost of production. There is only one measure for everything that comes on the market, whether it be Chinese porcelain, American cotton, asafetida, Circassian slave-girls, or European workers; that measure is to be found in the demand for and the supply of the article, and the average relation of demand and supply is ultimately determined by the cost of production.

How much, then, does it cost to produce a worker? Evidently just so much as is required to enable another worker to obtain the absolutely necessary means of subsistence for himself and his family. Give him this and he will provide the youngster fast enough, though not solely, perhaps, for the capitalist's sake, and will not even require to be tempted by a profit, as do the producers of other wares. In short, wages under free competition, or the cost of production of labor, consist solely of the cost of producing workers.

Where it is customary to employ children in the factories, then a fresh calculation is made. It is very soon found that the father does not require the means of subsistence, say, for a family of average number, but can do with less, as the children themselves contribute towards their own support.

It requires no explanation to show that of all producers the seller of labor is most unfavorably situated under the system of competition. Where would the sellers of other wares be if they could not keep their produce back when the demand was slack? The seller of labor cannot do this. He *must* sell. Hunger compels him. Further, when the price of labor rises, it only makes the lot of the workers ultimately worse, for it brings about an increase in the number of the workers. Neither need we explain how it is that no charitable employer can alter this. Whoever attempts to do so is struck down by the dagger of competition.

Under free competition the relation of an employer to the employed is the same as to any other merchandise. The worker is work, and work is the cost of its production. This is the leading feature of the present age. In former times the relations were those of man to man: after all, the relations of the slaveowner to the slave, and of the feudal lord to the serf, were human. The relations in former times were human, for they were those of rulers to be ruled; they were relations between one man and another man. Even the ill-treatment of the slaves and serfs proves this; for anger and love are human passions; and those ill-treated in anger were still treated as men. The cold, impersonal relation of the employer to the employed, as to a thing which is produced like any other ware on the market, is the specific and thoroughly inhuman feature of the Middle Class Age.

The Middle Class hate the idea of a State; they would replace the State by a Middle Class society permeated with free competition; for in a State, workers are still treated as man, while under the Middle Class regime the workers are like any other merchandise, and are only taken into consideration according to the cost of production.

Ancient civilization is shown by what Plutarch wrote of Marcus Crassus and his slaves: “He (Crassus) used to attend to their education and often gave them lessons himself; esteeming it the principal part of the business of a master to inspect and take care of his servants, whom he considered as the living instruments of economy. In this he was certainly right if he thought, as he frequently said, that other matters should be managed by servants, but the servants by the master.” Contrast this with the words of a Liberal professor: “Swiss manufacturers boast that they can manufacture at less cost than the Germans because the Swiss have no compulsory education.”

We have seen that wages, on the average, are reduced to the necessary means of subsistence. But if this be the reward of labor, what becomes of the excess of prices paid for the articles produced over the cost of subsistence of the workers whilst the articles are being made? This excess is divided between the employer and other capitalists, pure and simple, such as the holders of land, bankers, etc.

We said that there is not a single drop of the sweat of the workers that is not paid back to capital in the price of product, and that every pound in the hands of the employers produces another pound. With this increase the power of capital increases, so that every effort of the workers enables the capitalist to compel the workers to further toil. And when it is possible to reduce the prices of the products and thus cheapen the means of subsistence, then the increase of the workers does not increase with the increased produce of labor, but the power of capital does.

Take all those who have worked together in the production of some article—those who have worked with their brains as well as those who have worked with their hands; add together what they have received for their work, and they will not be able to recover the product of their labor! And when machinery is employed, thus causing a greater production with the same amount of labor, then it becomes more and more impossible for the workers to buy back with their wages the product of their work, and they become poorer and poorer.

But the capitalists say that the profit of capital is really the recompense of the brainwork of the capitalist, the reward for his management. In reality, however, only a very small portion of the income of the capitalist can come under this head; and the English economists have always treated the profits of the employers as the premium of capital, and have left unnoticed the reward for brain work on account of its smallness. If you want to know how small it is, look at the salaries paid to stewards of estates, to managers of factories, etc., etc., who do the brain work, while the principals travel for pleasure or attend to other matters. Only the amount so paid for management can be regarded as the recompense for such work when the employer or capitalist does this work himself. This feature is still more strongly marked in the case of railways, joint stock banks, and industrial companies. Here, those who possess the capital are many, and they live on their dividends, whilst the "brain work" of the business is being done by salaried officials. Of course, some of these salaries are absurdly high; but take them all together and compare the total with the amount paid away in dividends, and then you will have some idea of the smallness of the amount paid for brain work and management.

Say that the total amount of the produce of labor during one year is £100,000, and that the cost of the subsistence of the workers—in other words, their wages—is £20,000. Now whether the employers are sharp or stupid, idle or industrious, the remaining £80,000 will fall to the share of the employers, as a class, and how much each individual employer will receive will depend upon his personal qualities.

Economics can only deal with the question of how much of the produce of labor the employers as a class can obtain for themselves, how much the workers as a class can obtain for themselves, and what quantity of the products of labor the individual worker can obtain. The question as to how one individual employer can get more for himself than other individual employers is really a part of practical business, and in no way comes under economics. All this shows that capital is not ever-present, that it is not a law of nature, but is the effect of certain historical conditions; and that its productivity in altered surroundings must and will disappear.

Let us contrast the commencement of this historical analysis with the end. In the primitive state of individual, isolated labor with which we commenced, the instrument or tool—the bow and arrow of the Indian—was in the hands of the worker, and thus work alone was productive. Under the system of division of labor, work and production became social, although the distribution of the result of the work remained individualistic; and through division of labor, the system of exchange values and free competition, this result is rapidly brought about, viz.: the separation of the instruments or tools from the worker becomes complete, the productivity of labor is appropriated by the holders of the tools, and the reward of the worker is reduced to that which will keep him alive whilst he works.

Formerly labor was productive; now the instrument is alone productive. The instrument of production which has been snatched from the worker, which has changed parts with the worker, is capital, the worker has become the dead, unproductive instrument, while the instrument now alone is productive.

Division of labor is the source of all fortunes. The only economic law which forms a parallel with a law of nature is that production can only become more productive and cheaper by division of labor. The law is, so to say, a social law of nature. A handful of individuals have appropriated the social law of nature, and used it for their individual benefit; the masses are bound with the chains of the ever-increasing products of industry and virtually receive in return for their labor no more than the Indian did under favorable circumstances before civilization commenced. Just as well might these individuals appropriate the force of gravity, the power of steam, and the warmth of the sun. They feed the people, as they oil their machines, to keep them in good working order, and the food of the people is only an item in the cost of production.

We have learned from the great English economists that the consumer pays for the work of man, and not for the forces of nature, but we have also learned that this payment for the work of man reaches the wrong quarter; the work of man is paid for, but the worker is not paid, and has to be content with the necessary means of existence, that being all that capital will allow him. Capital has not appropriated the sun, but it has possessed itself of the division of labor and its constantly increasing productivity. After all the sun was made by no man, and is the property of no man; but capital is grasping the advantages of the social law of nature, constantly appropriating the produce of the labor of others, and has turned the power of work into private property. Thus a social state of property has arisen in which each calls that "his" which is not the product of his labor.

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But the profit of capital *is the reward of abstinence*. Truly a happy phrase! European millionaires are ascetics, Indian penitents, modern St. Simon Stylites, who, perched on their columns, with withered features and arms and body thrust forward, hold out a plate to the passers-by that they may receive the wages of their privations! In the midst of this sacrosanct group, high above its fellow mortifiers of the flesh, supreme ascetic and martyr, stands the Holy House of Rothschild. That is the real truth about our present society! How could I have hitherto blundered on this point as I have?

What debauched rascals, what impure rakes, the workers must be, since they manifestly receive no *reward of abstinence*. Doubtless the truth is that these are they, not the others, who secretly keep mistresses and own villas and country houses where they indulge in frightful orgies!

But, joking apart—for it is no longer possible to jest about this, and the bitterest irony involuntarily breaks into open revolt!—it is time, it is high time, to drown the squeaking pipe of these eunuchs by the deep voice of a fully-developed man. Is it possible when the profit of capital is due to what we have seen, when capital is the octopus which sucks up the entire surplus of the toil and sweat of the worker, leaving him only what are the bare necessaries of existence—is it possible that any one can still have the courage to speak in the presence of the workers of the profit on capital as the *reward of abstinence* of capitalists who mortify themselves? Yes, there are those who still have the hardihood to flout the workers, to insult these luckless proletarians, with these jeers, with these monstrous sarcasms. Has conscience, then, died out from among us? Has shame taken refuge with the brutes?

THE END.

Transcribed and edited by Robert Bills for the official Web site of the Socialist Labor Party of America.
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