

Independent School of Political Economy

THE LAWS OF DISTRIBUTION.

The teachers of the old school of political economy sought to discover three laws for the distribution of wealth between the three factors of production—land, labor, and capital. They did not keep the three factors separate, and their laws of distribution are unrelated.

Henry George, after showing that the laws of distribution are laws of proportion and should correlate, says: "But between the laws of the distribution of wealth as laid down in the standard works, there is no such relation. If we fish them out and bring them together, we find them to be as follows: Wages are determined by the ratio between the amount of capital devoted to the payment and subsistence of labor and the number of laborers seeking employment. Rent is determined by the margin of cultivation; all lands yielding as rent that part of their produce which exceeds what an equal application of labor and capital could procure from the poorest land in use. Interest is determined by the equation between the demands of borrowers and the supply of capital offered by lenders. Or, if we take what is given as the law of profits, it is determined by wages, falling as wages rise and rising as wages fall; or, to use the phrase of Mill, by the cost of labor to the capitalist.

"The bringing together of these current statements of the laws of the distribution of wealth shows at a glance that they lack the relation to each other which the true laws of distribution must have."

In The Independent for July 2 I pointed out Mr. George's mistake in working out the laws of distribution; and in this article I will attempt to show that although all have blundered more or less, still all have been partly right; and I will go a step farther than Henry George; and show that the laws of distribution not only correlate, but that they may be stated as one law, viz: the law of supply and demand.

Landlord, laborer, and capitalist, each tries to get as large a portion of the product as possible. When land is scarce, rent is high, and the share of the landlord is the largest. What the laborer can retain as wages depends not only upon "what the landlord leaves," as Mr. George states, but also upon the scarcity of capital as stated by other writers. Competition is always one-sided, and it is always the parties who represent the factor that is most abundant who compete. When there are more laborers than landlords and capitalists can employ, the unemployed compete for what work there is and wages fall; when conditions are reversed, employers compete for laborers and wages rise; in that case even socialists could hardly object to competition.

Land is scarce when there is not enough suitable land offered for use on reasonable terms to supply the requirements of laborers. It may be either naturally or artificially scarce. The same is true of capital and both may be scarce at the same time, or one may be scarce while the other is plentiful; but it is impossible for the three factors to be plentiful or scarce at the same time; for, if laborers are scarce it must be either because there is more good land, or more capital than they can use.

The law of distribution may be stated thus:

The distribution of wealth between the three factors of production, land, labor, and capital, depends upon the relative supply of, and demand for, the three factors, the factor which is scarcest taking the largest; and that which is most plentiful taking the smallest share.

Now, does not this statement of the case harmonize with all the facts? It is in perfect harmony with Ricardo's Law of Rent. It is in harmony with the old idea that "wages depend upon the ratio between the number of laborers and the amount of capital devoted to their employment;" and reconciles that theory to Mr. George's theory that "wages depend on the margin of cultivation, falling as it falls and rising as it rises." It shows that instead of the two theories being antagonistic, the whole truth includes them both.

It is not in harmony with Mr. George's idea that "interest and wages must rise and fall together and that interest cannot be increased without increasing wages; nor wages lowered without depressing interest." But it is in harmony with the facts that led Mr. George to that conclusion.

Wages and interest are, generally,

both high in new countries, and both fall together as population increases; but wages do not fall because interest falls, but because rent rises. Labor and capital are both scarce in new countries and land is plentiful, consequently almost all the product is divided between labor and capital. As the country settles up, labor and capital both become plentiful while land becomes scarce, rent increases, and although more wealth is produced, after the landlord receives his share there is less to divide between labor and capital than formerly. Wages fall with the increase of rent in spite of the fall in interest, and not owing to the fall in interest. Again, interest and wages may both be higher in good times than in bad, as more wealth is produced, consequently, there is more to be divided.

Now, I think that I have done something towards making political economy a science. If I have blundered I should like to have my mistakes pointed out; and hope that my blunder may put someone to thinking who can solve the problem.

JAS. S. PATON.

Riverside, Cal.

POMP AND SHOW.

Editor Independent: The writer is seriously thinking of one whose younger days of life and opportunities for getting an education has been limited. At the age of forty-eight years, is it not too late in life to try to start even in learning political economy? Those who at that age are observing can learn out of the large book of nature, especially human nature, a great many things; and the writer is not wholly deficient in that line.

But whatever our desires and wants are, they should not lead us beyond our means of getting them. And the writer does not expect to get many books, but whatever he does get, if they are not much use to himself, they will do some good to those whom he leaves behind. You will understand that the covering of a book, as well as a human being, is not as its outside appearance indicates, but its true worth inside.

If all of those good people who get up the first day of the week, and try to teach the people how to die, and blessings hereafter retain, should give some more attention to the duties of our lives to live, and try to bring forward books of economy on good and honest government, we as parents would have far more to be thankful for. We who are observing and know that the tendency of our times is for show and glitter, and is getting hold of the people and the places of worship. It brings many a pang to thinking parents, who in their humble condition of life and means cannot supply the yearnings of those wives and children who like to make a good appearance in the procession. And he cannot help but think there are many intelligent rich and well-to-do people who cannot help having feelings of pity and disgust for those poor who are trying to ape the rich.

We, as fathers, like to see our wives and children dress neatly and in good taste and be comfortable; but to starve our minds from the real duties of life, to feed a trait for dress and show, to make an appearance as good, or better, than our neighbors, is degrading not only to ourselves, but the coming generations. And if those public and pulpit speakers who have so many fine words to express as to how we ought to live and die, would give us more examples of true and noble lives, and not as much of show and pomp as their surroundings indicate, thinkers for justice would have more faith in them.

W. S. DEAN.

Delhi, N. Y.

W. E. Moore, Blossom, Tex.: There are a million voters that have about lost hope of either the democratic or republican parties ever taking the government out of the control of corporations. I think Secretary Edgerton did the right thing in calling a conference of reformers. Hope good results will follow.

Answers Englehard

Editor Independent: I beg the favor of a small space in your columns in answer to the objections of our friend, F. Englehard, to socialism in your issue of July 16. All of his objections have been answered in socialistic literature a thousand times, which he, evidently, does not read. He, like too many others, has created a mental picture; and placing it upon paper, proceeds to burn it up. He

says: "If the state owns all the means of production, then the state must have the power to assign to each one his or her occupation and place." There is just a little truth in this statement, the same as exists in all of the nation's public operations today; and there is no scarcity of applicants for every place Uncle Sam has to offer.

If the industrial republic should lack applicants for objectionable positions of labor, an increase of 20 per cent or 30 per cent in wages or the same ratio in decrease of the per diem, hours of labor, would bring plenty of applicants for any and all kinds of positions. We take the broad and practical ground that "where there's a will there's a way." There are no hard and fast rules relating to the details of modern socialism; there is but one, "must," in all its curriculum: "All productive wealth must belong to the people and be operated for the benefit of all the people." It cannot be expected there will be no friction, for we are all finite and human.

Socialists are not ignorant of human nature any more than their opponents, but human nature presents many phases of moral attainment. There are tribes who think it honorable to steal, and to kill their fellow creatures for culinary purposes; we have advanced somewhat above these ideas, although we kill thousands annually, indirectly, for the same purpose. Socialists wish to create an environment wherein a much higher advance will be possible, and the "man will be placed above the dollar" in an objective and practical sense, and not as now in vaporous theories, and senseless platitudes. So long as capitalism is allowed to exploit human energy, the "dollar will be above the man" and all childish prattle to the contrary is chaff thrown in the eyes of the people, and a staff and prop to those who are now carrying on the machinery of human slavery with all its sequence of poverty and crime.

B. F. FRENCH.

Bisbee, Ariz.

C. L. Nixon, Capitola, Cal.: I think people generally are better satisfied with a little hell than to have things better; but they may get too much before the end. This beautiful land of California is a land of millionaires. They nearly join farms all the way from Los Angeles to San Francisco—and the people seem satisfied. The motto they hang in the best room of their hearts is "God bless our home and the republican party."

Conciliation and Harmony

Editor Independent: I feel sorry for the cause for which we are striving that you have been so unwise as to publish at this time a communication like that headed, "Is Parker a Fraud," on page 4, June 16. It is certainly ill-timed to say the least and I am sure Mark Hanna would be willing to pay liberally for just such work as communications of this character will accomplish. Yours for conciliation and harmony, F. A. NAILLE, Chairman Maryland State Committee, People's Party, 523 North Paca st., Baltimore, Md.

(The Independent has never had any business dealings with Mark Hanna and, hence, does not know the exact character of all the "work" that Mark will "pay liberally for." The only thing which has ever shaken The Independent's belief that Jo Parker is a fraud of the first water is the fact that George H. Shibley seems to repose considerable faith in Parker's integrity. There can be no "conciliation and harmony" with such a man as Mr. Wakefield pictures Parker to be. But, on the other hand, if Parker can show that Wakefield has maligned him, the "unwise" publication of Wakefield's letter will simply strengthen Parker—and it ought to.—Ed. Ind.)

L. G. Aldrich, Arborville, Neb.: Can't do without The Independent. I have been a constant reader ever since the first copy was sent out. Keep up your hammering—you will often hit a mullet head.

T. B. Bragg, Mt. Grove, Mo.: The Independent is the best educator I have ever read.

Amos Sprowls, Liberty, Neb.: I have taken The Independent from its first issue and cannot do without it. I am a true populist; was always against fusion. The party should unite and oppose the enemy with a bold front.

Dr. John Cochran, Tecumseh, Neb.: Please credit me with \$1 in favor of the best paper in the United States.

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With naught but team and plow
To hold his interest; for he ne'er need know
If the country progresses, or how.
It is enough for him to learn
Nice Agriculture lore,
And let hard problems of the state
Rest with the "learned more."
A tiller of the earth—
Whose price by the wise is made;
Who buys Trust Goods at enormous rates,
And sells his own by the Board of Trade.
Yes, a tiller I am,
But why must I feed,
Without fair play, the people of Earth
From my bins of harvested seed?
I toil, I dig, I grovel,
To call a penny my own;
But where does the profit of Freedom come in
In disposing the crops that are sown?
M. E. RICE.
Neligh, Neb.

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Joseph Sinton, 419 El Paso st., Colorado Springs, Colo.: The hundred copies Henry George Edition came to hand in due time and are being used where I think they will do the most good.

M. B. Riddell, Leigh, Neb.: If Mr. Bryan had been man enough to join the populists instead of being such a strong partisan, there would have been a great people's party today. He killed the populists and also the democrats—both are dead.

John E. Cook, editor and publisher of the Oswego (Kas.) Blade, asks an exchange, which The Independent is glad to make. He says: "We are populists and are interested in the future of the principles."

J. H. Osborn, Hopkins, Mo.: I live in Iowa, and Iowa will go republican seventeen years after the republican party is extinct.