

Letters From The People

Light for Mr. Obenchain

Chicago, Ill., October 9.—To the Editor of The Independent: Capitalism, says Mr. Obenchain in his last letter, is the goal we are all trying to reach. Some of us, Mr. Obenchain, are content to earn a good, honest interest on our labor rather than try our luck at handling capital in business. I have known men who could earn five or six per cent on \$50,000 as employees, who could not succeed in business, and I suspect that many of our railway managers, who earn six per cent on \$800,000 or \$900,000 much prefer to remain workmen rather than to become capitalists. Will Mr. Obenchain deny that these men are wage-earners? And in passing I might say that the statistics on which the socialist founds his theory generally take into consideration only a certain range of low-salaried workmen. They take no account of the general manager with a salary of \$50,000 a year, of the singer who receives \$1,000 a night, of the painter who receives \$50,000 for his picture, of the sculptor, architect, engineer, or other expert, who is paid a big price for his work.

On the other hand thousands of workmen are capitalists. Among the skilled workmen of any city you will find hundreds who own stocks in various concerns, joint stock companies and railways. To such an extent has it become true that the people invest in stocks that it is very doubtful whether wealth is as concentrated today as it was thirty years ago. There are, for example, 6,000,000 holders of railway stocks and bonds. It is the control that is concentrated and therein lies the danger, and it is the duty of the state to deal with this danger. My own opinion is that the proportion of capitalists to the whole population is greater today than ever before.

Like all socialists Mr. Obenchain dwells tearfully upon the terrible struggle for existence. Will there be no struggle for existence under socialism? Always, of course, I am presuming socialism to be practicable, which I do not believe. The struggle for existence is not as hard as it was fifty years ago, nor is it more precarious.

Mr. Obenchain asks why, if the productive efficiency of labor has increased sixfold, subsistence should not be obtained with one-sixth the effort? It should be if there were no increase in the demand for goods, but Mr. Obenchain neglects to take any note of the increased demand.

Mr. Obenchain asks me if I do not think that some of the envy and hate born of a struggle that compels the bringing of these traits to the front would disappear under a system where men would not have to fight each other. Yes, that will be in heaven. The very fact, however, that lust, intemperance, sloth, disease, desire for revenge, aye, and envy, would not vanish under any economic system would mean the wrecking of the socialistic state.

Mr. Obenchain says that five-sixths of the labor of production is performed by machines. That is true in certain industries only. How much does a machine do in growing an orchard? On the other hand if the world were limited to hand production nowadays it would starve because the demand has increased to such an extent that rapid means of production by machinery are necessary. As civilization advances man's wants increase. The native of Central Africa does not want telephones, telegraphs or railways because he knows nothing of these things. He can supply his wants by hand production. I pointed out in my first letter that railways, telegraphs, telephones, electrical and steam power as applied to many industries, and many other inventions and discoveries had supplied new fields of labor and productiveness.

Mr. Obenchain always reverts to his untenable assertion that because four-fifths of the profits of labor go to capitalists, therefore wealth is necessarily and ipso facto, centralizing into the hands of a few. Mr. Obenchain overlooks many things when he makes this assertion. He fails to consider that the capitalist must draw four-fifths, or about that proportion, from the business in order to keep the business going. Here are some of his expenses: Raw materials, buildings, machines, land, rent, advertising, taxes, insurance, lighting, heating, and wages for unproductive as well as productive labor.

articles on the poorest land in use for that purably contend that there is still a surplus. If so, he will ask, where does it go? He must not fail to consider that the productive laborer must supply the unproductive laborer, and in the latter class might be mentioned municipal, county, state and national officials, educators, domestic servants, railway employes, waiters and street cleaners and many other engaged on public works. There are those who produce for the world and who keep the world in repair mentally, physically and morally. For example, we will say that the man in the factory produces \$5 a day and receives \$1 for his labor. Outside the factory the street cleaner must receive his \$1 a day although he produces no wealth. From whom does the street cleaner obtain his wages. From the capitalist through taxation.

Socialism is founded on the theory of surplus value. Labor creates all value, is the socialistic way of expressing the idea. Labor does not create all value. Usefulness, demand and labor create value. To illustrate: A ship is loaded with logs cut on some Pacific isle. These logs are taken to Europe. At a European port more will be paid for the mahogany logs than for the pine logs. Why? Because there is a use for the mahogany logs that the pine logs will not fill. And yet the same amount of labor was required to obtain the pine logs. Again: A man might make a pair of gloves from glass or a pair of boots from cardboard, but there would be no use for them and, therefore, no demand, and consequently no value. A man might build a ship on Pike's peak, but it would be worth nothing. It should be evident, therefore, that labor does not create all value. Again: A laborer has a family. There are four dependents on the average to every workman. It is evident that he must produce not only for himself, but for others.

As civilization advances the proportion of unproductive laborers increases. Take, for example, the men required on the railways or city transit lines. They produce nothing, but they create a vast demand, which adds to consumption and thus aids industry.

Mr. Obenchain bases his entire argument upon the theory—for it is merely a theory—that labor derives only one-fifth of the profit of production, while four-fifths goes to capital. Many years ago Marx propounded the same theory, predicting that as a result of the concentration of wealth and the increasing pauperization there would come the universal collapse of society before the close of the nineteenth century. History refuted Marx and will answer Obenchain. There has been no increasing pauperization in spite of this preposterous law which socialists are so fond of propounding, but which upon investigation turns out to be a law of chaff. So doubtful is the law even among socialists themselves that Bernstein opposed this view. The gist of what he says is this: Neither the small tradespeople nor the peasantry are on the point of disappearing, nor is it true that in civilized countries there is an increase of misery, servitude and decadence. On this point Engels has this to say: "It is not correct to assert that the misery of the proletariat is increasing. The growth of organization will, perhaps, restrain the growth of misery; one thing is certainly growing, the insecurity of the proletarians' existence."

Mr. Obenchain calls attention to my statement that 96 per cent of the entire population are toilers and he immediately converts this into an assertion that 96 per cent are wage-earners and that, therefore, only four per cent are capitalists. A moment's consideration would have shown Mr. Obenchain that 96 per cent of the population could not be wage-earners. I merely wished to indicate that practically all men were workers. Comparatively few of the women and children in the world are wage-earners and yet most of them are toilers. The children toil at school and the women at home. Moreover, a large percentage of the agriculturists are capitalists.

H. B. MAXWELL.

Corrects Mr. Alexander

New York, Oct. 3.—To the Editor of The Independent: Mr. Alexander, replying to Mr. Lizon, speaks of rent as being shifted to consumers. This is misleading for it implies that rent is added to the price of goods. Rent is included in the price paid for most commodities, but does not really add to the price. For rent is the measure of the saving in cost of production on some one piece of land, over the cost of producing similar Rot, granting all this, Mr. Obenchain would prob-

pose. And as articles are excluded, the rent represents general saving in production effort.

For example: The price of potatoes is fixed by what it costs to produce them on the poorest land in use for potato growing, which, let us say, will for ordinary effort, yield 40 bushels an acre. Potatoes grown on land that with the same amount of work will give fifty bushels to the acre will sell for the same price per bushel. Suppose the price \$1. The best land will then give forty bushels more than the poorest, which will be rent. But if the rent be expressed in terms of money, the price of all potatoes being \$1 a bushel, then out of the dollar paid for such potatoes as are grown on the best land, 80 cents will be rent. Thus the rent will come out of the price paid for potatoes, without being added to it. In this simple illustration, the complex factors of transportation and retailing are purposely omitted, the principle always being the same.

Sometimes rent arises or increases because poorer land has to be taken into use and production becomes more costly; then prices rise and rent represents scarcity. At other times rent increases because of increase in productive power, generally through invention; then prices will decrease despite the greater sum of rent. Both tendencies are usually at work, to some extent counterbalancing each other, though our present measure of prosperity is no doubt due in great part to the enormous increase in productive power that rent has not yet overtaken.

If rent goes into private hands, land speculation and monopoly is encouraged, the total sum of rent will be larger, and prices will be higher than would be the case if rent were taken for public uses. Prices will be higher than is assuming other things equal; no change in money standard or supply, for example, which is a separate question.

A. C. PLYDELL.

How Rates Are Raised Secretly

Mauley, Cass Co., Neb., Oct. 7.—To the Editor of The Independent: I would like to say something about the raising of freight and express rates as I was an agent for the Pennsylvania railroad in Ohio until a short time ago and I know to a certainty that rates were raised on many articles in such a way that it was supposed the public would not notice it or knew anything about it. We will take carbon oil for one article which had been in the third class and was put in the second which raised it over 2 cents per hundred pounds from Cleveland to my station, and many other articles were changed from lower to higher in this way.

About the same time the express companies raised their rates in a similar manner. They have what is called a graduated rate and by cutting out a part of that graduated rate it made the rates 30 cents per package. It had been 25 cents making a raise of 5 cents on each package which made the express companies thousands of dollars. I know the Pacific Express company did this.

I am glad to know that your anti-trust publications are bearing their fruits and trust you will continue the good work, and I think we should raise a crusade against the half-rate that is given to all preachers. That is as much of a bribe as the pass is and I think anyone that accepts the permit sells himself, body and soul, to railways as much as the one that accepts the pass.

W. B. ESSICK.

Railway Extortion

Chippewa, Falls, Wis., Oct. 2.—To the Editor of The Independent: Referring to the desperate fight that the railroads, aided by the republican party, have been making against government ownership, a parcels post system and everything else that will have a tendency to loosen their grasp on the people, allow me to state one simple incident.

I recently paid the Union Pacific railroad one dollar freight on a book in a small box, weight eight pounds and thirteen ounces, from Greeley, Colorado, to Ellsworth, Wisconsin and when I wrote to the general freight agent, Mr. E. H. Wood, at Omaha, sending him the bill of lading and expense bill, he very politely wrote me that, "the charge was correctly assessed." A robber on the street would have been equally polite after holding me up.

I also have an expense bill for a small box of books of less than seventy pounds, \$2.50, which I paid in Bellingham, Washington, on a recent trip there, shipped from Chicago, which struck me as being about "all the traffic will bear," using the language of a great railroad manipulator. This government, which has paid millions of dollars for buildings, these roads and are now being robbed of millions in fares and freight. Let us have government ownership of the railroads.

JESSE WHITE.