

# **Capital and Labor**

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# I. Capital and Labor

Let us suppose a man to own a gold watch. Let us listen to him while he endeavors to justify himself in retaining possession of it. He says:—

The gold in this watch was dug out of the ground by the miners of Peru—those miners have labored for me: the gold was carried on mules across the mountains to the sea shore—the muleteers have labored for me: it was carried to Liverpool in a ship—the captain and sailors have labored for me: the watch-maker bought the gold, and made the watch—the watchmaker has labored for me.—Again, the miners of Peru could not have labored without tools: therefore the tool maker in Birmingham, the English miner who produced the iron for the tools, the carpenter who fitted the handles, the boatman who transported them to Liverpool, and the sailors who manned the ship which carried them to Peru, the merchant who sold the tools to the gold diggers, all these have labored for me. But where shall I stop? The ship-builder has worked for me also, as well as the captain and the sailors—the man who made *his* tools, and the man who clothed and fed this last man, and the man whose labor enabled this last man to feed and clothe the last but one, and all who made tools for all these, and all who dug iron that these tools might be made—all these have labored for me. But what shall I say of the canvass of the ships, of the hemp of which the ropes are made?—and as yet I have spoken of the production of the gold only: what shall I say when I come to render an account of the brass, the steel springs, the jewels, and the glass crystal, which go to make up the watch? But I will not parody the history of “the house that Jack built.” What do I know about it?—Perhaps the whole human race, including Adam and Eve, Julius Caesar, and the great Mogul, have labored together in order that I might have this watch as my property in fee simple.

It is evident that no man produces anything by his own unassisted labor. When a man produces anything, the whole of society works with him. But, when a thing is produced by two working together, each of the workers has a right to a share in the product of the labor. No man can produce anything, therefore, which shall be absolutely his own; for society has always a just and righteous claim to an undetermined portion of the value produced. But now I am puzzled! How could I have paid for this watch? My account is squared with the watch-maker as an individual man, but is it squared with him as a member of society? I earned the money with which I paid for the watch; but I earned it in partnership with society. Have I ever paid for my education, for my support while I was a child? My father indeed paid the school-master, and settled the bills of the butcher, baker, and tailor; and thus the question is settled so far as those individuals are concerned. But my father stands to me in a social relation; through him I have received values from society; and what have I given in return? I am certainly in debt; and the worst of it is that I do not see how I shall ever be able to pay off this debt. I labor indeed for society, but what does my labor amount to? My unassisted labor, which is all for which I have a right to draw pay, (for the assistance claims its own pay) amounts to little or nothing. If I were cast away on a desolate island, I might make myself perhaps tolerably comfortable; at any rate, I should have an opportunity of learning how much value I am able to create by my own unassisted strength,

and therefore how much value I have a right to draw from society as an equivalent for my labor. Verily it appears to be evident that if I receive from society a support in the alms house, I am more than paid for all I can do. Nay more, in this desolate island, I should still be indebted to society. Where did I obtain the skill which enables me to weave my bower of leaves, to make my cave comfortable? If I should really restore to society all I have received from it beyond what I have returned as an equivalent, I should be, after making the restoration, but one grade superior to the ourang outang. Where then is the pride of man! Inventors, men of science, men of wealth, flatter themselves that they have conferred benefits upon society: they do not remember that society has had the principal hand in their inventions and improvements! What would Galileo have invented if he had been born among the Patagonians? What becomes then of the absolute right of property? I own this watch, not because I have any absolute right to it, but because my title to it is better than that of any other person. Society gives me the proprietorship of it, because it is for its own interest so to do: my right to my watch is not a natural, but a social right. I own it, not because I earned it, for I have not earned it, but by the free grace and favor of society.

Here we interrupt our soliloquist, and ask him if his ancestors did not earn the property he holds, or if it is not the result of his own labor added to that of his forefathers? We ask him if he does not receive it by inheritance, and own it absolutely, because he receives it by gift from those who had in it an absolute proprietorship founded in actual production? Our watch owner shakes his head mournfully, and answers:—I have thought of all that; but it is some other person's ancestors who have produced this value. My grandfather came into this town with six and a quarter cents in his pocket;—no matter what he produced, he labored in partnership with society, and, if the town had given him a living in the poor house, it would have overpaid him: how then could he transmit absolute proprietorship in any thing to his descendants? There are very few men in this country whose great-grand-fathers were men of wealth: the principle of inheritance, therefore, though just in itself, solves no difficult question of social justice.

Let us now leave the owner of the watch to his private meditations; for it is evident that we must examine this matter in its elements, and then proceed cautiously and philosophically, endeavoring to discover the true formula of *labor*. For, if we cannot discover this formula, we can give no adequate answer to any of the problems which have been started. If the reader will be patient with us, we will enter upon this examination, the voyage of discovery. Let us not mind, therefore, the abruptness of the transition, but proceed at once to the root of the matter.

All action implies motion or change. When one billiard ball strikes another, and communicates motion to it, there is action. One ball seems to be the actor, and the other the object affected by the action: but neither of the balls truly acts; for the ball that strikes, is merely an instrument whereby the real actor communicates motion to the ball struck. It is the man who strikes the first ball who is really the actor. All action is the work of some being who acts; and every being who acts, is the beginner and originator of the motion and change which constitute, and result from, his action. If he is not the beginner and originator, then he is not the actor. A rifle bullet is not an actor, though it may kill a man. The bullet, the explosion that makes it fly, the fire from the flint, the collision of the flint and steel, are neither of them actors; nor is the finger operating on the trigger that begins the motion, an actor, for it is a passive instrument. The nervous fluid, or other instrumentality which transmits influence from the brain to the finger, and the brain itself, are not actors. It is the soul which is the beginner and originator in this whole business. And if we could be convinced that the soul is a mere instrument, made to act as it does by the irresistible impulse of a superior being, we should at once declare that superior being to be the

actor, and regard the soul as an object merely affected by the action transmitted to it—like the bullet or finger. But wherever there is action, there must be something acted upon. If there be a thing to be moved or changed, there can nevertheless be no action until some actor appears; and if there be an actor, there can be no action until something moveable or changeable be provided. *There must be some actor, and something to be moved or changed, or there can be no action.* What is LABOR? It is the act of a *living man*, who transforms *some object* capable of being changed, which object is called capital. In order to the possibility of labor, therefore, there must be the living man, and the capital. That is the formula of labor, which we have been endeavoring to find.<sup>1</sup>

In all labor there is a concurrence of the capitalist and the laborer; and the capitalist and laborer have consequently each a claim on the result of the labor. Indeed, in some cases, especially in new countries, the capitalist is no other than the Almighty, who charges nothing for the use of his property; but almost always there is a human proprietor who must be paid, out of the result of the labor, for the use of his raw material and machinery. Labor and capital are placed opposite each other, mind against matter, man against nature. It is the mission of man upon the earth to transform nature and matter, making them subservient to his will; and he effects this purpose progressively by continued labor.

The three partial philosophical systems which manifest themselves in every age of the world, have been defined as follows:—

*“Transcendentalism is that form of Philosophy which sinks God and Nature in man. Let us explain. God,—man (the laborer)—and nature (capital)—in their relations (if indeed the absolute God may be said ever to be in relations) are the objects of all philosophy; but, in different theories, greater or less prominence is given to one or the other of these three, and thus systems are formed. Pantheism sinks man and nature in God; Materialism sinks God and man in the universe; Transcendentalism sinks God and nature in man. In other words, some, in philosophising, take their point of departure in God alone, and are inevitably conducted to Pantheism;—others take their point of departure in nature alone, and are led to Materialism; others start with man alone, and end in Transcendentalism.”*

The Transcendentalist believes that the outward world has no real existence other than that he gives to it. He believes he creates it by his intellectual labor; not only so, he believes he creates it out of himself, without working upon any *capital* distinct from himself. We agree with the reader that this system is absurd; but we invite him to make allowances for the aberrations of powerful men who are intoxicated by the consciousness of their own genius. Shelley furnishes the following transcendental statement, in his drama of *Hellas*:—

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<sup>1</sup> Labor is an act of life, and is, consequently, at once subjective and objective: the subject is the living laborer, the object is the capital on which he labors. The character of the result of the labor depends on the concurrence of the subject and object. As the human race exists in solidarity of Life, so it exists also in solidarity of Labor. As the present generation inherits the results of the life of all preceding generations, society at the present day, of course inherits the results of the labor of all generations which preceded the one which now exists. So much for the metaphysical statement.

“Earth and ocean,  
 Space, and the isles of life and light that gem  
 The sapphire floods of interstellar air,  
 This firmament pavilioned upon chaos,  
 Whose outwall, bastioned impregnably  
 Against the escape of boldest thoughts, repels them  
 As Calpe the Atlantic clouds—this whole  
 Of suns, and worlds, and men, and beasts, and flowers,  
 With all the silent or tempestuous workings  
 By which they have been, are, or cease to be,  
 Is but a vision;—all that it inherits  
 Are motes Or a sick eye, bubbles, and dreams;  
 Thought is its cradle and its grave.”

Fichte teaches that the soul, by its native divine power, creates the universe. Ralph Waldo Emerson, than whom no more remarkable thinker has been furnished to this country by the present generation, maintains the same doctrine. Mr. Emerson’s thoughts radiate always in right lines, and though he can see an object that is directly before his intellectual vision, even if it be at an infinite distance, yet he seems incapable of grasping some things in their relations:—but our questions are of *labor*. *The man who denies the rights of capital, is a transcendentalist in political economy*. For what is capital? It is that outward object with which man is related, which man labors upon, which man transforms. Transcendentalism is the denial in the most unqualified terms of the very existence of capital, that is of things which are not man, and with which man is related: and communism is an application of transcendentalism in a more limited sphere of science.

The Materialist, on the other hand, denies the existence of the soul, that is, of the actor, the beginner and originator of motion and change, in short of the laborer. According to him, man is the result of organization; and is fatally impelled to act as he does act by outward impulses, the mind is the operation of the electric fluid in the brain. Materialism teaches that the word soul is a word without a meaning. If the transcendentalist talks absurdly when he says nothing really exists but soul, and that matter is merely an appearance which the soul creates, the materialist talks equally absurdly when he says that matter is the only real existence, and that the soul is an appearance resulting from the modification of matter. The transcendentalist denies the existence of capital, and therefore denies its rights; the materialist affirms the existence of capital, and denies the existence of the laborer, and therefore denies the rights of the laborer. The transcendentalist is a fanatical radical; the materialist is a bigoted conservative. We are of course speaking of these systems as they appear when rigidly carried out to their ultimate logical conclusions.

The Pantheist denies the real existence of the subject and object, of the laborer and of capital. For him nothing exists but God; and both man and nature are appearances. Hyper-Calvinism gives us a good example of pantheism. The high calvinist denies man’s free will, that is, man’s personality,—and, of course, man himself; for what is man if not a person? He teaches that all *evil* acts performed by man are the results, not of his own free action but of some depravity we have inherited from Adam, this depravity assisted in its operations by the instigations of Satan; he teaches moreover that no man can perform any *good* act, except by the infusion of a new spirit by

irresistible grace, except by the implanting of a new principle—a new spring and source of action—in the heart. It is evident that this system does not allow that man does anything whatever. Again, the high calvinist, by his theory of providence, continual miracles, &c., denies the real existence of outward nature. Man does nothing, nature does nothing, God does all. Ask the transcendentalist what is a man's right to property? and he answers—"Labor." Ask the materialist the same question, and he answers,—“The fact of previous occupancy.” Ask the Pantheist, and you will find him incapable of comprehending the rights of either labor or capital, for he will answer—"Property ought to be distributed according to the views of Providence, according to some theory of Divine Order."

The transcendentalist is often a violent despot, because the force of his will impels him to arbitrary measures, but he always respects liberty in theory, for he founds his whole right on this principle. The pantheist is often a despot in like manner, but his despotism comes from a different source; it comes from the fact of his being unable to conceive of liberty—and this because he does not believe in the existence of the human will. Where can you find a more arbitrary interference of the social power with private rights that was practised by our calvinistic fathers of Connecticut and Massachusetts? The materialist is a hard master, but he understands equality, for he holds his property by right of occupancy, and will tolerate no special privilege which might enable any individual to outflank his right. The pantheist knows nothing of occupancy; he understands a supposed Divine Order only, and therefore the principle of equality cannot be recognized by him. Political economy interpreted from a pantheistic point of view, gives us *Socialism*; that is, the intervention of society in all the private affairs of life, and the distribution of property according to the arbitrary laws of the State, according to some so called Divine Order. "The earth belongs to the Lord, and what belong to the Lord, belong to his saints."

Transcendentalism is the philosophy of the right of the strongest, and therefore destroys equality. Materialism is the philosophy of *the existing fact*, and the opposition to all change, and therefore is destructive to liberty. Socialism is the philosophy of a Theocracy, and is destructive to both liberty and equality.

We have not answered our questions. All these systems are true; and, again, they are all false. They are false as partial, exclusive systems; but they are true in their mutual relations. Man exists as a beginner of motion or change, as a living soul; and therefore transcendentalism is true, therefore liberty is a holy principle. Outward nature exists in fact, and man may occupy it,<sup>2</sup> and the rights of first occupancy are valid; therefore materialism is true, therefore equality is a holy principle; and all special privileges, all violence, ought to be reprobated. There is a Divine Order, for God governs all, and has created all things according to his Eternal Logos or Wisdom; therefore pantheism is true:—when men understand this, they will see that *fraternity* is also a holy principle. All these systems limit, modify and correct each other; and it is in their union and harmony that the truth is to be found.

*Does the man own the gold watch? has he really earned it?* The man must answer this question for himself, and according to the light of his own conscience he owns it, if, in obtaining it, he violated neither of these principles, *Liberty, Equality, Fraternity.*

*For the Palladium.*

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<sup>2</sup> The reader must bear in mind that there is a difference between *occupation* and *mere appropriation*.

## II. Socialism in Massachusetts.

Our grandfathers produced out of the earth every thing that was necessary for the sustenance of their families. They cut down the trees of the forest, squared the logs, and built their own houses. They raised their own wool and flax. Our grandmothers, assisted by their daughters, spun yarn, and made their own cloth. Parents and children were fed upon food raised on the farm, and were clothed in fabrics of household manufacture. The rock maple furnished sugar. Bean porridge had not yet been banished from the table; and tea and coffee had not yet come into general use. The young girls cut out, and made, their own dresses; and their beauty shone by its own light, without any aid from lace and jewelry. They required no carriages; for could they not ride to meeting behind their brothers and lovers, one couple on each horse? The lovers protested when carriages were introduced. This is an age for men and women! We can hardly conceive of the sentiment of independence which existed at the time of the revolution, for no one is independent now. Then the farmer knew that he and his family could live on the produce of his farm. He cared comparatively little for the condition of the currency, for his welfare did not depend upon it. All this is changed. The young women are better dressed, but they have lost the faculty of helping themselves, and depend on the dressmakers. They no longer spin and weave the stuff of which their gowns are made, but depend on the keeper of the village store. The young man no longer obtains all he requires by laboring in the fields; he has acquired artificial wants, and now to obtain more money he must make shoes for the southern market. Commercial crises cause him to suffer. The young couple meditating matrimony, must paper their walls, and carpet their floors, as a prior condition to the commencement of housekeeping: they must raise something and sell it, to obtain money to buy tea and coffee—bean porridge is out of the question. The community have gained wonderfully on one side, but they have lost on the other.—They have gained in material comfort, but they have lost in health and in the sentiment of independence. *Division of labor—exchange or commerce—and mutual dependence—these are the great characteristics of our present civilization.* The division of labor, and the increase of artificial wants, have revolutionized our social condition. Every man finds it for his advantage to confine himself to the production of a particular commodity, exchanging his surplus of that commodity for whatever other articles he may require. No family is sufficient for itself. Every family is under the necessity of supplying a portion of its wants by exchanges. But what is the instrument by which exchanges are made? Is it not *the currency*? Money is, therefore, something very different now from what it was seventy years ago!

There is another great characteristic of our present civilization; it is this:—*The principle of the distribution of the values produced, divorced from the principle of the production of those values.* Let us explain. The great characteristics before spoken of—the division of labor, exchange or commerce, and mutual dependence—seem to have come to us necessarily, and in the natural order of progress; but this last characteristic seems to have come upon us unnecessarily, unnaturally, and to be the result of unwise and partial legislation. Seventy years ago, the farmer retained and consumed what he himself produced; and there was then no room for injustice; for he held



the reward of his labor in his own hands. Now he sells the greater portion of his produce in a market where the prices are regulated by the ratio of the supply to the demand, where exchanges depend upon the state of the currency, and where the state of the currency depends upon incorporated banks. By selling his produce, he throws it into the common stock in the market; but it is very doubtful (in the intricacy of a transaction which, nevertheless, appears very simple to him) whether he draws out of the common stock in the market an equivalent in value. At the present day, chartered corporations, enjoying special privileges, disarrange our social organization, and render the just distribution of the products of labor almost impossible. The holder of stock in manufacturing, rail-road, banking, or other, companies, holds legal value to the amount borne on his certificate of stock. This legal value earns him an annual income which is called his *dividends*. The laborer is paid for the actual work he performs, and his pay is called his *wages*. The stockholder does not work; for his stock—by a legal fiction—is supposed to work for him; and the dividends he receives, are the earnings, not of himself, but of his property. There is no legal fiction in the work of the laborer; his wages pay for the actual sweat of his brow. The capitalist ought indeed to be paid for the use of his capital, for capital and labor concur in producing the result, that result ought to be distributed between capital and labor, in the exact proportion of their relative deserts. If competition were free on both sides, if capitalists competed with each other as laborers do, that proportion might be discovered. But how shall it be discovered so long as the present system obtains? We have already shown that the chief office of an act of incorporation is to prevent competition among the stockholders. The formula of labor, involves both labor and capital, and is, therefore, a formula of mutuality—it is the formula of *production*. What mutuality is there in the theory of dividends? what mutuality in the correlative theory of wages? *Distribution* is accomplished, under our present system, by exchanges, and by dividends, and wages. So far as exchanges are concerned, the formula of production is not divorced from that of distribution; but so far as dividends and wages are concerned, that divorce is complete. Even distribution by exchange may become perverted, if the currency, the instrument of exchange, is controlled by incorporated banks.

Dividends! What a depth of meaning is involved in this word! The banks receive six per cent. interest per annum on nearly the whole circulating medium, and the total amount of the dividends received by the stockholders must of course be enormous.—What relation have all these dividends with production? The earnings of the railroad, and manufacturing companies, are very great. But we will not continue this enumeration. We will notice, however, that stock of this character is increasing every day, as the legislature makes little or no difficulty in granting charters. *The day is approaching when the sum of all the dividends yearly receivable by the stockholders in incorporated companies, will be equal to the yearly produce of all the labor in the State.* And that day is approaching more rapidly than those most interested seem to think. When that day arrives, the laborers will be dependent upon the charity of the stockholders who receive the yearly income of the State. Such will be the result of the neglect of that mutuality which is involved in the formula of labor! The yearly income of the State will be divided by the corporations among the stockholders; the welfare of the stockholders will depend therefore upon the organization of the corporations. But upon what will the corporations depend? They are artificial creations of the legislature, and depend, therefore, by necessity, on the action of the legislature. Upon what does the action of the legislature depend? It depends upon the people. The circle is complete. The laborers will be at the mercy of the stockholders, the fate of the stockholders will depend upon that of the corporations, the corporations will be at the mercy of the legislature, and the votes of

the legislature will depend upon that of the people—and the laborers will then, even more than now, form the immense majority of the voters. Thus the legislature, through the corporations, will distribute the reward of labor, thus the principle of distribution will be divorced from all relation with that of production,—and the majority of the people will control the legislature. *The Commonwealth of Massachusetts is advancing, under the guidance of the so called conservative party, with gigantic strides, towards—SOCIALISM!!!!*

Indeed socialism is virtually established in this State already. The values produced by labor are, even now, to a great extent distributed under the form of dividends by incorporated companies—that is, *they are divided according to artificial methods established by the legislature*. Society interferes even now in the distribution of wealth, diverting it from its natural, into artificial channels. *What is socialism? It is precisely this intervention of Society for the distribution of wealth in some order other than that which would follow from the prevalence of free competition*. Socialism violates all the rights of property. It violates the right of labor; and this fact is so evident, that there is no necessity for our dwelling upon it. It violates the right of capital. When the people begin to suffer, some disciple of Fourier will put them in mind that the whole fabric of social organization may be changed by a simple majority of votes. Finding the power of society to distribute the reward of labor firmly established by the corporation system, they will so alter the organization of the corporations that the dividends will fall into new hands.

Here is probably the first device which a socialist leader would hit upon. The legislature may, if it please, buy up all the corporations in the State, for the benefit of the whole people; and, to raise the money before the purchase takes place, it may tax every man according to his then present property: thus all the property of the State may change hands. But, says the stockholder, the State has no right to take my property without my consent. We answer that it appears evident to us that the State has a right to *buy out* any incorporated company, if the public interest seems to require it. But, continues the stockholder, the State buys me out with my own money! We answer by admitting that the transaction seems to be unjust, but remark that it seems also to be legal. Has not the State a right to tax each man, according to the property he possesses? has it not a right to make each man bear his proportion of the public expenses? and will not this purchase be one of the public expenses? As for the Pantheism which might be necessary in order to render this system of socialism complete, it would be furnished by the first Phalansterian who should happen to present himself.—Radicalism gives us ultimately a few usurpers and tyrants, who have a good time while the mass of the community suffers. Conservatism gives us an organized class, which lives on the labor of the people; but this conservative class have a good time of it. socialism gives us *but one class, a class of slaves*. In Socialism, there is but one master, which is the State; but the State is not a living person capable of suffering and happiness: in Socialism, therefore, nobody enjoys himself, nobody has a good time. Socialism is the organized denial of liberty and equality; it is the organization of misery. There ought to be but one class in the community; but that one class ought to be a class of proprietors, nobles, and kings—not a class of slaves.

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William Batchelder Greene  
Capital and Labor  
1849

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*This was the last series of articles from The Worcester Palladium incorporated into Equality (1849).  
The first installment underwent minor revisions, but "Socialism in Massachusetts" both begins and  
ends with substantially different sections.*

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