EDITORIAL

AN EASY LESSON TO PARRY.

By DANIEL DE LEON

“The average profit on capital to-day is estimated by good authorities at about four per cent. Since what does not go to capital goes to labor, how ridiculous are the claims that are made by labor agitators and Socialists that labor is being robbed of seventy-five per cent.”

—Parry in Kansas City address, Jan. 26, 1904.

THE above reasoning is this: “Seeing that Capital earns but four per cent. on its INVESTMENT, it follows that Labor, and not Capital gets the lion’s share of PRODUCTION. If honestly made, a more scatter-brained system of reasoning can ill be imagined. As well reason: “Seeing that a man is YOUNGER than his own father, therefore he can not be OLDER than his own children.” Mr. Parry’s “reasoning” implies a confusion of thought.

The percentage that Socialists prove Labor is robbed of is a percentage, not of the CAPITAL INVESTED, but of the WEALTH PRODUCED.

Say a capitalist invests $1,000,000 in production, and the goods turned out by the factory fetch $1,100,000. These additional $100,000 tell us little. They neither tell the share of Capital nor the share of Labor. Everybody knows the whole amount does not go into the Capitalist’s pockets, least of all into those of Labor. In order to ascertain their respective shares the cost of a number of items must first be deducted, to wit, of all the items needed for the operation of the plant. The principal items under this head are “raw material” and “wear and tear” of the plant. Say that all these items together amount to $50,000, and there remain $50,000 from which the shares of Capital and Labor are to come. Obviously, in this hypothetical, yet normal case, four per cent. being the profit that the capitalist gets on his capital, then—four per cent. of $1,000,000 being $40,000—it would follow—

1st. That the capitalist pockets forty out of the fifty thousand dollars that there
remained to be divided of the wealth produced:

2nd. That, although the percentage of profit on the capitalist’s INVESTMENT is only FOUR, his percentage on the WEALTH PRODUCED, and divided between him and Labor, is EIGHTY.

3rd. That the percentage of the capitalist’s profit on the capital he INVESTS may, however small, be a gigantic percentage of the WEALTH PRODUCED and divided between him and Labor; and

4th. That to mention the percentage of profit on the capital that a capitalist invests, and remain silent on the amount of capital that such profit is the per cent. of, is idle talk, which conveys no idea of the amount of plunder actually practiced on Labor—the real subject at issue.

The amount to which Labor is robbed of the WEALTH IT PRODUCES is independent of the smallness or bigness of the capitalist’s profit on the amount he INVESTS. His profit on that INVESTMENT may be small—it declines under capitalism seeing that ever larger capital is wheeled into line and is needed for production—and yet his plunder of the PRODUCT of Labor may be, as it is to-day, gigantic, the lion’s share of Labor’s product; on the other hand, the capitalist’s profit on his INVESTMENT may be large—for instance, while $40,000 are only four per cent. of a $1,000,000 investment, $100 are ten per cent. of a small $1,000 investment—and yet, and naturally too, in such cases his plunder of the PRODUCT of Labor would be small, both absolutely and relatively.

Thinking not being the forte of the capitalist, and political economy being the gentry’s decided weak side, we incline to the belief that, despite the capitalist’s expertness and deftness in fraudulent practices, Mr. Parry’s “argument” is a product, not of the gentleman’s bump of cheat, but of his bump of stupidity.