

EDITORIAL

LAURENS CALL'S PREGNANT REASONING.

By DANIEL DE LEON

THE letter of Henry Laurens Call to Frank Bohn, the National Secretary of the Socialist Labor Party, published elsewhere in this issue, is an economic document of prime value.¹ As Voltaire said of Montesquieu that the latter's genius was instructive throughout, instructive, not only in that in which he was right, but instructive also in that in which he erred, the statistical reasoning of Mr. Laurens Call is highly instructive, instructive both in that in which he is sound and that in which his words are defective.

Mr. Laurens Call has aroused the ire of the plutocracy for the estimate on his part that "ONE PER CENT. of the population of the United States now own practically NINETY PER CENT. of the entire wealth of the nation." Editorials, letters to papers, essays of various sizes, and allusions innumerable in the course of speeches have appeared in opposition to Mr. Laurens Call's estimate. It will have been noted that in all these instances the attack is directed, not against the estimate, primarily, but against the method of arriving at it. The assailants do not proceed upon their own lines, and furnish a different estimate. Their position amounts to this—the estimate is correct provided the reasoning by which it is arrived at is correct also. They attack the reasoning. What is that reasoning?

Laurens Call reasons that the stocks of the corporations are expected to draw dividends, and that, as such they constitute an indebtedness "on the part of the public" to the owners of the same. He goes over the same ground a second time, reasoning that the property which these stocks are a certificate of title to are power given the corporations to tax the public upon all its products, supplies and public services. From these premises the first conclusion arrived at is that these stocks, or "securities," constitute in fact a first lien, or "blanket mortgage" upon all the

¹ [Appended, page 4, below.—R.B.]

property of the nation, to the extent that, not until this incumbrance is lifted can “the farmer or other citizen” be said, in any true sense to own his farm, home or other property. It is from this preliminary conclusion that Laurens Call arrives at the final one which forms the thesis of his paper—ONE PER CENT. of the population now own NINETY PER CENT. of the entire wealth of the nation.

The reasoning is correct, the only hook upon which assailants can and do hang an argument is a hook furnished by a certain unscientific use of terms that Laurens Call incurs, and which Socialist science warns honorable economists against. The terms are “the public,” “the citizen,” etc.

Political economy knows no “public,” or “citizen.” It only knows “classes.” No hard and fast definition is possible of the “classes”—any more than such a definition is possible in biology with regard to the animal and the vegetal kingdom. And yet, not because there is a point where the line is undistinguishable can it be denied that the elephant is an animal, the oak tree a vegetal. Likewise with the classes. They shade into each other; the shading produces “the public” in the eyes of the unguarded. The scientist is not misled. He recognizes the “blanket mortgage-holding” class and the “blanket mortgaged” class—the capitalist class and the working class. It matters not whether the “mortgage,” held by the Gas Trust, recently investigated and proved to draw huge dividends on stock four times watered, places under contribution the Ice Trust, recently also investigated and proved to draw huge dividends on stocks two-thirds watered. That does not matter in estimating the magnitude of the “blanket mortgage” holder. The fact is that in these instances the proceeds of the “blanket mortgage” fall wholly into the hands of a blanket mortgage-holding class—the CAPITALIST CLASS; while there is a class, the WORKING CLASS, into whose hands in no instance does one copper of the proceeds of the blanket mortgage drop. That class is wholly “blanket mortgaged.”

Had Laurens Call placed himself upon the scientific Socialist plane of terminology his position would be unassailable. As it is now, the looseness of his terminology affords the Pindars of capitalism their chance to resort to their usual tactics, the tactics of blurring the issue, by showing the interchangeableness of liabilities, by pointing to trifling instances where everybody seems to be mortgagor as well as mortgagee, and thereby setting up the claim that there is no “debtor” and

no “creditor” class—an old dodge.

It is not the least valuable part of Laurens Call's contribution to the great economic issue of the day, that the negligence of his terminology affords the opportunity to refute and confute his assailants, and to sustain his pregnant claim that only one per cent. of our population now own ninety per cent. of the entire wealth of the land—in other words that the capitalist class has reduced the nation to a state of plutocratic feudal serfdom, which calls for the revolution that shall overthrow this latest form of servitude.

DAILY PEOPLE

VOL. 7, NO. 208.

NEW YORK, THURSDAY, JANUARY 24, 1907.

ONE CENT.

WHO OWNS THE U.S.?

Explanatory Letter from Henry Laurens Call.

Park Ave. Hotel, New York.
January 21, 1907.

Frank Bohn,
Nat'l Secretary Socialist Labor Party,
New York City.

Dear Sir:

I respectfully submit the following correction of the published reports relating to my paper, entitled "The Concentration of Wealth," read before the American Association for the Advancement of Science, at its recent session in New York City.

My estimate as to wealth concentration, is that one per cent. of the population of the United States, now own practically NINETY per cent. of the entire wealth of the nation.

This estimate is based upon a compilation referred to by Senator Ingalls upon the floor of the United States Senate, January 14, 1891, to the effect that 31,100 persons then owned 56 per cent. of the wealth of the nation. With this also substantially agrees (for the purpose of this estimate) the computations of Dr. Chas. B. Spahr, to the effect that one per cent. of our population, owned in 1890, 51 per cent. of the national wealth; and of Mr. Geo. K. Holmes, of the Census Bureau, to the effect that 3-100 of one per cent. of our population then owned 20 per cent. of our national wealth; as also numerous other authorities, substantially uncontradicted at the time, showing a general agreement upon the part of statisticians, that one per cent., or less than one per cent. of our population owned, in 1890, practically half the wealth of the nation.

I, however, insist that in order to make these statistics (of seventeen years ago)

applicable to-day, allowance must first be made for the known increase, both in size and number of the enormous fortunes responsible for that condition; due in part to ordinary interest rates, but also, and especially, to trust formation, railway "reorganization," and other causes set forth at length in my article.

My estimate as to indebtedness, is based upon the census of 1890, giving our mortgage, bond, and general indebtedness, public and private, at that time, as \$18,027,170,546. The census of 1890 is reprehensibly silent upon this important subject; and, notwithstanding the excessive bonding of our corporations within this period, I have assumed that our indebtedness has increased only in the same proportion as our national wealth has itself increased; bringing the total at this date to, approximately, \$30,000,000,000.

I then continue:—"But the stocks of our railway, trust and other corporations, are expected to draw dividends, and constitute as truly an indebtedness upon the part of the public to the owners of wealth as do mortgages and bonds themselves; and these, under their present enormous over-capitalization, would perhaps double our debt burden; with the power given these corporations to levy a tax upon the industry and property of the nation, as extortionate in extent as were that debt burden to exceed, in fact, all the actual, tangible wealth of the nation." It will be seen, at a glance, that this is a vastly different statement from that attributed to me in the reports, to the effect that this indebtedness does in fact exceed all the

actual, tangible, wealth of the nation.

In disproof of this estimate, as to wealth concentration, an enumeration is given of farms, homes, savings bank deposits, insurance policies, and even corporation stocks, in the possession of the people; while a distinguished financier disposes of my estimate as to indebtedness, by the assertion that "a share of stock in a corporation is not a debt in the economic sense of the term; but is simply the certificate of title to joint ownership in a valuable property"; and therefore concluded that this estimate is "intrinsically absurd."

But, however our financiers may settle this question to their own satisfaction, so far as the public is concerned the payment of dividends upon these stocks differs only in name from the payment of interest upon the bonds; and the public it is that pays both interest and dividends; even as it has already paid for the properties themselves, besides contributing to the enormous fortunes of the financiers in control.

What, indeed, is the preponderating part of the "valuable property," of which these stocks are "a certificate of title to," but the power given these corporations to tax the public upon all its products, supplies, and public services? This it is that has already compelled the public not only to pay for the properties, but also to build up the enormous fortunes of the exploiters of these corporations; and that now enables these financiers to recapitalize the properties at three, or even five, times their real worth. The sum of \$40,000,000,000 of these "securities" thus constitutes, in fact, a first lien, or "blanket" mortgage, upon all the property of the nation; and not until this incumbrance is "lifted" can the farmer or other citizen be said, in any true sense, to own his farm or home; nor, until then, can any enumeration of farms or homes, as being "popularly owned," be considered at all conclusive upon this subject, or as substantially affecting my estimate of wealth concentration.

Nor yet can the people be said, to an appreciable extent, to be the proprietors of these corporations. If the wage earner has

invested his hard-earned and scantily spared, savings in a share of corporation stock, it is because he has been lured, as in the case of the United States Steel Corporation, into the belief that his investment would be safe, as well as available in case of need. And with this well remembered exception, and perhaps two or three other operations of like character, the owners of these corporation stocks will, as a rule, be found very safely included within the 800,000 names, constituting the one per cent. of our population designed as the so-called "wealthy class," embraced in my estimate.

Nor yet can the items of savings bank deposits, and insurance policies extant, be said to argue the possession of wealth in the body of the people. The few dollars deposited in the savings bank, usually constitutes the sole dependence of the toiler and his family against sickness, the loss of employment, or any of the thousand and one vicissitudes of life that beset the "hand-to-mouth" existence of the great body of our population; and, it therefore remains, and is increased, as a precious possession; even though the debts of the depositor may exceed, many times, the small pittance deposited. So also insurance is, again, almost the sole dependence of the toiler's family in case of his death; and is, therefore, taken out, and the premium paid, so long as the holder can beg or borrow a dollar, and regardless of every other obligation.

In order, then, to arrive at any just estimate as to wealth concentration, it will be necessary to place over against the farm or home and other assets of every citizen, not only his own individual liabilities, but also the proportion his property, labor, and living are compelled to bear of the enormous overcapitalization of our trusts, railways, and other corporations possessing monopoly, or taxing powers. Such overcapitalization is but the capitalization of the power of these corporations to compel this contribution; and as well might we omit the mortgage upon the farm or home, as to omit this item, from our estimate of the owner's solvency. Upon this, the only correct basis

of computation, my estimate, of 10 per cent. of our national wealth as yet remaining with the body of the people, would seem to be a gross exaggeration.

These estimates, as also the conclusions drawn from them, are revolutionary of accepted notions; and I expect them to be bitterly assailed. As here given, however, they are, at least, what I intended to say, and am prepared to substantiate. Unfortunately, owing to a miscarriage in the mails, I did not receive the program of the Section, advising me that an abstract of my paper would be required, until the morning of the day the paper was to be read. The abstract was hastily dictated, and received from the stenographer as I was hurrying to the Association Hall, giving me no opportunity for correction. I, however, did, almost immediately after the paper was read, take the paper itself to the press headquarters; and was assured that this, instead of the abstract, would be made the basis of the reports.

By way of personal explanation, I desire to say that I am not a member of any Socialist party; nor in any sense its authorized spokesman. My interest in economic subjects is solely that of a student and writer; and so little desirous have I been enrolling my name with the "would-be-famous," or in the archives of "Who's Who in America," that practically all of my writings have been under a nom-de-plume. It was because the eminent scientist, in charge of the economic section of the Association, were familiar with my writings, that communication was addressed to me requesting me to present a paper before the Association. My appearance before that honorable body was, therefore, not an accident; and it remains for a perusal of the article itself, to determine as to whether or not it is "scientific" in basis and character.

Yours very truly,

Henry Laurens Call.

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

Uploaded August 2009

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