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Capitol and Labor

By Emerson V. Smith

Labor has often thought that capital was its enemy, attempting ever to grind it down to lower and lower levels of living, but is this really true?

Let us look at the facts of the case. Wealth is divided in three different directions: wages to labor, interest to capital and rent to land.

History tells us that when the country was young, and land was cheap or free, wages were high, interest was high and rent was low.

As society grew and population increased and time passed, land values went up, not proportionately but frequently somewhat disproportionately, through land speculators grabbing up the land and either holding it out of use and refusing to sell it or holding it for an exaggerated price. By holding land out of use they created an artificial shortage which caused the prices to go still higher.

This created unreasonably high rents, not only for the people but for manufacturers as well. They had to take interest earnings to pay rent, and keep wages down in order to meet the rent or to meet the interest on a high purchase price, which amounted to the same thing.

Laborers, too, could not leave their employers as before and make good on the land, for a fence of high prices and high rents shut them out. The good homestead land was all gone. Then what do we find? Low wages, low interest and high rent. Was it the capitalist or the land owners who got the lost dollars? When Henry Ford declared a minimum wage of $5 a day for his help, it was reported that the value of land in and around Detroit went up in two weeks, enough to equal the extra wages for five years.

Who got the increase?

Kalamazoo, Mich.