

Who Employs Labor?

by Alan St. Denis

NOT TOO many years ago, in what is known as common parlance, the parties involved in industrial employment were described respectively as "capital" and "labor," a habit of speech probably influenced by the writings of Karl Marx. Inevitably labor, in its struggle to obtain a more equitable reward for its toil, came to look upon "capital" as its arch-enemy, a monstrous and voracious beast that greedily seized the lion's share of production, leaving only crumbs for wages. Frequently frustrated in its demands, labor's distrust of "capital" blossomed into hatred, and a feeling that the bitter conflict between the two was in the nature of a holy war. Semantics went to work, and "capital" became a term of approbrium, calling to mind the caricature of an evil, bloated, diamond-bedecked vulture, ravenously feeding on the bodies of the working class.

Then a softening change suddenly occurred. Employers were no longer classed as "capital," but were (as they still are) styled "management," a polite and discreetly respectful appellation. Whether this revised nomenclature was prompted by euphemism, or by a move toward linguistic accuracy, is difficult to say. Perhaps it is not too far-fetched to hope that there developed, among labor and others constantly expressing economic thoughts, a general realization that whatever capital may or may not be, in any economic sense it certainly is not and cannot be the employer of labor. In any case, to some extent, at least nominally, capital has been relieved of its reputation as the em-

ployer, and concomitantly the oppressor, of labor. One can only trust that in due time the true character and function of capital will be widely understood and appreciated.

Mistaken Identity

It may be that in the minds of "militant" labor, so-called "management" has taken over the position of its enemy and oppressor. If this is so, labor remains misguided, but nevertheless there is a step toward clarification of the question of who employs labor. (The identification of labor's real exploiter is not germane to this article; students of Henry George are well acquainted with the culprit.) If capital does not employ labor, and obviously the reverse is true, the actual employer must be found elsewhere. Disregarding capital, the remaining factors in production are land and labor. Land cannot employ labor, and again the reverse is clearly true. Rhetorically speaking, what factor is left?

Let it be agreed that labor is in fact employed by management. Upon inspection, management proves to comprise knowledge, industrial skill, supervision, enterprise, operation and similar managerial activities. All these functions are *human* qualities, expressed through *human* exertion—and all human exertion, whether physical or mental, is *labor*. Thus, from the viewpoint of political economy, or from that of practical understanding, it becomes evident that labor is employed by labor. In fact, only labor has the capacity to employ; neither land (natural resources) nor capital

(man's tangible products) can possibly have that capacity! Ergo, just as it is labor that employs land, and employs capital, it is labor that employs labor. From the first application to land to final delivery to the consumer, only labor can use the factors which produce economic wealth, and

one of the primary factors is labor itself.

Management, *as such*, cannot be its own economic enemy. One must investigate other circumstances affecting production to discover the real source of the power to abuse labor and rob it of the fruits of its exertion.

