The Capital Controversy.

To the Editor of Liberty:

I consider the question of the status of money, whether it be money or not, as of very great importance. It is because money has been generally regarded as a form of wealth that interest seems to have a real justification. Once let it be understood that money is not a thing, but a system, and many of the rules of commerce concerning the subject will be dispelled.

Money is a labor-saving device of book-keeping. It is a convenient means of keeping account of credits. A merchant's books are not wealth; hence they cannot be capital. They are memorials of wealth which he has received and delivered and which has been delivered to be used now.

There are two ways in which commerce can be conducted. One is exchange of commodity for commodity, as a barter. The other is exchange of commodity for money, and, if the credit take form, as, for instance, the form of certificates issued by a bank, money.

Money is evidence of debt. If the debt is well secured and the certificate of the debt is so drawn as to carry no convoluted conviction that it is well secured, then it is evidence of debt which will pass from hand to hand in exchange for wealth, and such certificates of debt will be money.

Money is a labor-saving device for the facilitation of exchanges. It saves the need of sending the wealth along with the promise to exchange or deliver wealth or services. When a certain bulk of bullion is fashioned into the shape of coin (indicating the quantity and value of the metal so coined, the shape and size of the coin is the money, and the coin with which the wealth is sent along with the shape to prove its worth. The money issues of a co-operative bank do not perform the function of gold and silver coin. They better perform the function which gold and silver coin was designed to perform.

Credit is not a thing. It is a quality. It is a part of the intelligence of mankind and inhere in man himself.

One's credit is a part of himself. It is his creditibility. If he have 'good credit,' his promise to deliver wealth or perform labor will be believed, and, if the promise be in writing, it will be money within a limited extent. If the maker of the written promise be known to have accumulated property, the money will be better money and circulate somewhat more widely than if he had no property. If he pledge his wealth, pledge himself to deliver it at some future time in the event that he cannot otherwise redeem his promise, there will be a further improvement in the quality of the money.

If he mortgage his wealth to a bank, and the bank accepts his written obligation to give up his wealth in the event that he cannot otherwise meet his promise, and if the bank then upon issues its own notes to him in exchange for his notes, then there is issued the best form of money, because it is the best system of utilizing credit. This money will circulate wherever the bank is known to be a conservatively managed institution issuing no notes except upon the faith of ample security pledged to be delivered in case of default.

The editor of Liberty has said: "The bank performs the same service that is performed by the registry of deeds office in the case of land transfers,—that of making the title more secure in the eyes of the parties interested or liable to become interested." I agree to this. But the certificate issued by the registrar has none of the power or capacity of the transferred land. The certificate is merely a certificate, after all. And the same is true of the credit certificates issued by the bank.

The bank here occupies the position of an insurance company. It assures all men that its notes are based upon tangible property worth considerably more than the amount of the bank-notes issued to the mortgagor. The money is somewhat similar to a policy of assurance. The policy is not the paper upon which the guarantee is inscribed. The paper is the durable form upon which the guarantee is recorded. It is the guarantee of the bank which is the money.

The money is not the paper, but the monetary power or function or capacity naturally inhering in the wealth which the paper represents. I contend that there is no monetary power inhering in the bank in virtue of the fact that it has power in the hands of the consumer. It is the power or capacity to make exchanges on credit, and the credit in turn is based largely upon the known ability of the debtor to meet his obligations.

He gives the bank such security as warrants the bank in giving assurance of security to all the world, and the bank's certificates (money) are the tangible forms of this assurance.

The discovery that the possessor of wealth could inspire his neighbors with confidence in his credit was not in itself an addition to the wealth of the world. It is true that the discovery tends to overcome the wastes, inconveniences, and labor incident to barter, and thus releases some labor in forms of service, allowing it to be utilized in other directions. But the discovery of the process was merely an advance in human sagacity, and, being a part of man himself, it cannot be classed as wealth. Nor is wealth used in the transaction of credit. It is only used in case the debtor fails otherwise to redeem his promise. In fact, the chief value of credit over barter lies in the fact that the use of the wealth is obviated. "Monetary power" is a term which cannot be applied to wealth without ascribing to wealth some such metaphysical qualities as matter-of-fact commerce has never yet recognized. Unless the symbol may be said to be the soul of the thing symbolized, I cannot conceive of any such power inhering in a thing. If it were at all proper to regard the symbol synonymous with the thing, then money may truly be said to be debt, since money is really the symbol of debt.

Many of the social injustices which stand between man and his comfort have their origin in the superstition that money is the soul of wealth, and that wealth has a monetary power which it can never sever from the body.

There is no such process possible as the monetization of wealth, except by barter. There can be no monetization of credit. It is the monetization of credit for which there is a demand that the bank shall effect.

One of my objections to the terms of your syllogism (the one most particularly applicable to this controversy) is that money is not a thing.

Herman Kerner.

NEW YORK, N. Y., SEPTEMBER 1893.

What Constitutes a Definition?

Wholes No. 280.

To the Editor of Liberty:

The definition of a word is not decided by the dictionary, or by the dictum of any man or set of men. In logical discussions definitions must be accurate, and there can be no agreement on the conclusion unless there is an agreement as to the exact meaning of the words composing the logical formulas of the syllogism. Hence it matters not what John Stuart Mill, Adam Smith, George A. Schilling, Wordsworth Donisthorpe, or Benjamin R. Tucker says capital is; the true definition of the word must be one which will include its use by all men who use the word with any degree of intelligence.

The trouble with the definitions given in Liberty (No. 279) is that they are too restrictive; hence they are not definitions, for a definition must define or give the utmost limits of a word's meaning. It appears to me that each one of the writers contributing to the interesting symposium on capital builds his definition with too deliberate intent to establish a theory which he could not establish by using either of the other definitions given. Now, regardless of theories, what is generally—yes, invariably—for it must be invariably to form the basis of a definition, is what is invariably meant by any one who speaks of capital.

I answer: Anything which can be exchanged for labor or the products of labor.

This must include, of course, not merely the products of labor, but also brain, skill, and muscular strength; also natural products, such as timber, water-power, etc.

Such is the general and broad meaning of capital,—not according to dictionaries or political economists, but according to actual usage. Let that definition be kept in mind, and confusion will be avoided. As for money, stock, etc., they are mere forms of capital, and each may require a separate definition to show the distinction of one form from another. A horse is a quadruped, true enough, but a definition of the word quadruped is not a definition of the word horse. No accuracy can be arrived at in reasoning where generals are not distinguished from particulars. If I have correctly given the general definition of capital, it follows that money is capital, because it can be exchanged for the product of labor or for labor itself. It remains then to determine how capital in the form of money differs from capital in other forms. A correct expression of the distinguishing differences, I apprehend, will be the proper definition of the word money. I will not attempt to give that definition, but I hope I have shown that it is not the equivalent of the definition of capital.

Jonathan Mayo Crane.

CHICAGO, ILL., AUGUST 7.

The Root of Vice.

(Reprint.)

The vices of the people are, if I may say so, always hidden in the depths of legislation. There must we search. If we would tear up the root productive of these vices.

The Legislator Defined.

[A. Grundy.]

Legislators are men who make rules for others and exceptions for themselves.

War and Peace.

(Reprint.)

Peace is the time when some bury their fathers; war, the time when fathers bury their sons.
Liberty.

Issued Monthly at Fifty Cents a Year; Single Copies, Four Cents.

HENRY B. TUCKER, Editor and Publisher.

Office of Publication, Liberty Street.

New York, N. Y., September, 1893.

"In abolishing real and actual, the last residue of all that liberty, the democracy stumbles at once upon the sword of the executioner, the fist of the police, the power of the police, the grasp of the coercer, the prison and the scaffold, the restraints of politics, which guard liberty precisely behind her shield." 

Frederick Douglass.

Individualism in Ethics.

To the Editor of Liberty:

I regret to have to take Victor Yarros to task. He is generally an intelligent and vigorous champion of the Anarchist principle. But his reply to the "Republican" in Liberty of May 6 (albeit for the most part effective enough) contains some loose thinking, and lacks that logic and discrimination which so freely and persistently charges his opponent to be deficient in. I refer to his criticism of the last paragraph but one cited from a "Republican," wherein he rebukes that journal for harboring the idea that Anarchism consists in being the judge and interpreter of the ethical rules by which he is to be governed, and the assumption that government by consent means that rules and orders binding only while consent to belong to the voluntary association for defence continues.

(1) To the fact that Mr. Yarros here directly denies the cardinal principle of Egoism, which Liberty is supposed to support. Yet it would be interesting to know who, under a regime of Anarchism or equality of rights, has the superior right to judge and interpret the individual's conduct? Mr. Yarros may argue that he has anticipated me in his assumption that "Equal liberty is a scientific conception." But let him make no mistake. A scientific conception is a very local affair. A scientific demonstration is another thing. The State Socialists regard collectivism as an eminently scientific conception, just as Professor Huxley has lately come to regard a "Privity Council" as a scientific conception. Again, the doctors, who thrive on disease, regard vaccination as an unblessed scientific conception, not with something to give away, but with much to sell. Thus we have to ask: is it merely a State device to take the spirit of revolt out of the people by inculcating apathy into their blood. But I am digressing. Equal liberty is no more a scientific conception than "man is a lower animal." Let us take a case: A locates himself on a given spot and builds a house and settles down. B appears on the scene a little later and erects a house for himself just over the way. No harm. But presently A discovers to his moral horror that B is a distinguished member of the Salvation Army, who occupies his nights and early mornings in a futile effort to learn the playing of the trombone. In spite of A's blessings, B positively refuses to desist, to himself, and, being an out-and-out Egoist-Anarchist, says: "Mutualism be damned!" The effect of all this is that A's rest is so disturbed week after week that insomnia eventually develops. An alarming state of affairs, surely; for A has to summon, and pay for, medical attendance, and that, it may be taken for granted, is no small matter. Now, it is clear that A's liberty has been violated by B, somehow or other. B is living in an equal right, it is true, to annoy B is precisely the same, or a similar, manner.

This is legitimate, considering the conditions of equal liberty; to be sure, such a course would probably have the effect of placing its writer to reconsider the expediency of mutualism. But how does Mr. Yarros's "voluntary association" stand? It would seemingly punish B, by fine, imprisonment, or what not, on the system of Lynch-law, without the more, or the less, of the necessary distance from equal liberty whatevers. If it would not do this, then it would be an utterly superficial institution from its own point of view, and be utterly abortive as well.

"A government by consent" doesn't mean gov-

by Liberty's editorial writers. We are, of course not to be held responsible for Mr. Seymour's ideas, and to an accretion of incoherence from our part with his teachings we shall cheerfully plead guilty.

To bring out the difference between our Anarchism and that of Mr. Seymour, let us take a case. Suppose the State out of the way, and one large voluntary association in its place. Suppose further that murder and theft are among the "Don'ts" of the association. Suppose finally that one member disregards the interdict and commits a murder or robbery. Would Mr. Seymour approve of the punishment of this member from his peculiar point of view? Doubtless he would; otherwise the voluntary association has no raison d'être, and there is no protection against aggression. But would the prisoner be the judge and interpreter of the ethical rules by which he was governed? Certainly, Mr. Seymour will answer; when he joined the association, he knew and approved and submitted to its ethical rules; hence he consents to his own punishment. Very well; let us introduce a little variation. Suppose the member, prior to the commission of the crime, duly severed his connection with the association. His status, manifestly, at the time of the commission of the rules of the association, was different from that of a man who had never joined the association at all. What would Mr. Seymour have the association do with such an "external" aggressor? If Mr. Seymour's Anarchism imports that an individual must always be the judge and interpreter of his own conduct, then such an outside invader cannot be punished unless he positively surrenders himself and declares in Clifton language that his "tribal self" sternly reproaches to act committed by his "individual self" and condemns it to punishment. Should the same happen to be at one with himself and calmly declare that his own ethical rules permit such "forms of competition" as murder and robbery, the association cannot punish him without violating "individualism in ethics."

Rational people will require further argument. It is obvious that Mr. Seymour's "individualism in ethics" is rubbish, a meaningless catch-phrase coined under a system of moral free-coalage which dispenses with all standards of value and meaning.

I am willing to believe that Mr. Seymour is really puzzled by the apparent discrepancy between "government by consent" and the statement that men would be punished for infractions of equal freedom without regard to their own alleged ethical philosophy. But the hypothesis of Mr. Seymour's honesty involves a serious reflection on his acumen. He ought to know that "government by consent" is a self-contradictory phrase, in employing which Anarchists merely adopt themselves to the terminology of their superfluous entities. Government being defined by Anarchists as "improper" interference with others, it is absurd to appeal to speaking of government, or invasion, by consent. Protection against aggression, or punishment of aggression, is not "government" according to Anarchist definitions; hence to punish a man for a breach of equal freedom is not to "govern him." Is Mr. Seymour still prepared, after this correction, to pretend that his conception of the "voluntary association" is merely a sophistical device to perpetuate tyranny? If he is, I plainly tell him that he
writes without any knowledge of the meaning of the terms he uses. A voluntary association which punishes unmistakable breaches of equal freedom, and these only, a perpetrator of tyranny! What is tyranny, pray? Tyranny is aggression, violation of equal freedom; and Mr. Seymour's proposition amounts to this, that resistance to tyranny is itself tyranny, the enforcement of equal liberty a transgression of equal liberty! In what respect does my "association" differ from the existing State, then? It asks Mr. Seymour. So stupid is this query that one is actually ashamed to notice it. Why, does the existing State punish nothing but violations of equal freedom? What is our grievance against the State—that it punishes non-invasive proper exercises of individual powers, or that it punishes invasion without procuring the consent of the invaders to such punishment? The "association" would punish nothing but invasive conduct; the existing State punishes much that is not invasive at all. The person who does not appreciate this difference has no business to leap into the arena of public discussion.

But I am not really surprised at Mr. Seymour's blundering criticisms. What can be expected of one who thinks that "equal liberty is no more a scientific conception than the immediate Mary's was"? Mr. Seymour is ignorant of the import of equal liberty. His illustration shows that to him equal liberty signifies the right to retaliate, to pay in the same coin. If one man annoys another and this other is allowed to annoy him in a similar manner, the requirements of equal liberty are fulfilled, in Mr. Seymour's opinions. That the annoyed should procure the punishment of the annoyer, he thinks a piece of tyranny; for such punishment there is not "the slightest authority derivable from equal liberty whatsoever."

Now, equal liberty does not signify the opportunity or right to retaliate. The question whether a man who injures or annoys another man may be rightfully punished is determined simply by the nature of the injury or annoyance. If the annoyance is in no way an obstacle to the exercise of the fullest exercise of faculties compatible with equality of such freedom, then equal liberty distinctly authorizes the punishment of the offender. If there is any doubt about the aggressive quality of the annoyance, the benefit of the doubt is given of course to the annoyer. In such cases the annoyed may resort to the policy of giving the annoyer a dose of his own medicine. It is true that equal liberty does not enable us to decide promptly in all cases whether an alleged aggression is really an aggression. This fact is irrelevant in the present discussion. Where an aggression is not clearly proved, no punishment is inflicted.

What I had reference to is the punishment of breaches of equal freedom, not of actions the inavasive quality of which is not generally admitted. The only question between Mr. Seymour and Liberty is whether the opinion or preceived opinion of the individual on trial is entitled to more weight than that of the entire community concerned in the outcome of the trial. Mr. Seymour's opinions are as much any and Archimedes' to punish a man for murder or robbery if he insists that his ethics murder and robbery are not inconsistent. My proposition was that the man's opinion is not solicited, and that his guilt and punishment is a matter which the community decides in the light of the principle of equal liberty.

Mr. Seymour's concluding sentences introduce us to his positive theory of Anarchism, and disclose the aversion between his conception and ours. No fault would have been found with me if I had averred Anarchism to be a principle of capital and had so changed front morally as not to desire to invade one another; if I had declared that any scheme of mutual defence was essentially a compromise with the principle of government, etc. In other words, Mr. Seymour would not have criticized me if I had accepted his view. But I do not accept his view, and his implied definitions of Anarchism and government I have repeatedly challenged and rejected. Mutual defence is not necessarily a compromise with government, for government is aggression, and defence against aggression is not government. I fail to see why men who organize, not to invade, but to resist invasion, must necessarily become invaders. If, then, mutual defence is not necessarily a compromise with government, it follows that "Anarchy in the concrete" is not "impossible until all men had so changed," etc. For Anarchy is absence of government, or aggression and people who refrain from all aggression and respect every liberty except the liberty to aggress are Anarchic and exemplify Anarchism in the concrete.

V. V.

In Answer to My Critics.

Despite the insignificance which in Mr. Bingham's mind characterizes the question whether money is capital, I agree with Mr. Kuehn in considering it an important question. Not that the way in which we use a word alters any essential truth. Economic principles remain the same whether our definition of capital embraces money or excludes it. But, however independent of definitions principles may be, a widespread comprehension of principles depends more upon definitions than upon anything else. Therefore, which are intelligible at all are generally intelligible in proportion to the precision of the terms in which they are stated. Mr. Kuehn and Mr. Bingham think it easier to meet the champions of interest by separating money from capital; I think it easier to meet them by considering money as a form of capital. Which of us is right is a question of importance to all opponents of interest, since upon its decision depends to a large extent the rapidity with which our doctrine spreads.

Let me deal first with Mr. Crane. "frame a definition with a view to establishing a theory?" Certainly: why not? For what purpose do we need definitions other than that of making ourselves understood? If I have a theory, and can more readily make my neighbor understand it by using certain words in a certain way, why should I not so use these words in addressing him, first warning him, of course, of my intention. I like Mr. Bingham's egoistic fashion of using words as tools for the best expression of his own thought, and I do not like Mr. Crane's communalistic fashion of using their definitions include, or make a bluff about, all the meanings that have ever been attached to them by sane men. The man who undertakes to blend in one definition all the conceptions of same men on any given subject must be prepared to make the greatest effort of his life.

Mr. Crane himself, in defining capital, falls short of his own standard. He says that capital is "anything which can be exchanged for labor or the products of labor," and this definition he defends on the ground that it is "what is invariably meant by every one who speaks of capital with any degree of intelligence." This defense will not do, because the definition does not express what I mean when I speak of capital. I define capital as "everything not labor that plays a part in production." Now, this includes, for instance, sunlight, which certainly cannot be exchanged for labor or the products of labor. Mr. Crane may reply, of course, that I do not speak of capital with any degree of intelligence, but in that case the readers of Liberty, I fancy, will say of his definition of intelligence what he says of my definition of capital—that it is "too restrictive." Besides, if Mr. Crane is to decide who is intelligent, the inclusiveness of his definitions is a good deal of a sham, and the communists appear as egotists after all, as indeed all communists are, only they don't know it. I grant that, if Mr. Crane finds his definition of capital the most convenient for his purpose, it is the best definition for him; therefore, whenever he uses the word, I will keep his definition in mind. But I really see no more basis in the fitness of things for the definition of capital as "anything which can be exchanged for labor or the products of labor," than for its definition, for instance, as "anything which can be seen with the naked eye." To finish with Mr. Crane right here, I will ask him why he hopes he has shown that the definition of money is not the equivalent of the definition of capital, the contrary position having been taken by no one in this discussion.

Having shown the importance and purpose of definition, and having defended the individual method of definition, I have now a few words to say in answer to the criticisms upon my syllagism establishing that money is capital. My argument was based upon the premises that "everything not labor that plays a part in production," and that "money is a thing not labor that plays a part in production." To this there are two objections advanced, one, by Mr. Kuehn, that money is not a thing and one, by Mr. Bingham, that money does not play a part in production. It is a fair inference, I think, that neither of these gentlemen endorses the objection of the other. Either objection, however, if established, is fatal to my syllagism.

Let me deal first with Mr. Kuehn. Since he denies that money is a thing, he should tell us his notion of a thing. I will tell him mine in the language of the Century Dictionary: "That which is or may become the object of thought; that which has existence, or is conceived as having existence; any object, substance, attribute, idea, fact, circumstance, event, etc. A thing may be either material or ideal, animate or inanimate, actual, possible, or imaginary." If Mr. Kuehn admits this definition and at the same time denies that money is a thing, then his conception of money is so extremely tenous that it becomes him to have little to say about the "metaphysical" character of my monetary views. If he does not admit this definition, he is nevertheless bound to judge my argument in the light of my own definitions; and therefore I ask, assuming my definition of the word
"thing," to point out the flaw in my syllogism. Meanwhile I assure him that I am in sympathy with much that he says about money in his article, and that a great deal of it I have said before him. I cannot allow, however, that "a merchant's books are not wealth." The very fact that they are memoranda, and useful memoranda, makes them wealth, especially as they are useful not alone to the merchant himself, but to his creditors and debtors, to whom they are a protection in case of dispute or fraud. The books are carried at an expense, and this expense is paid by the merchant's customers in the prices of the goods which he sells them. If these customers did not regard the books as wealth, they would not be foolish enough to pay for them, but would buy of another merchant keeping so books and therefore selling cheaper. And this is precisely what they will do after the abolition of the money monoply and with it the major part of bookkeeping, for then, as Mr. Kuchman points out, the bookkeeping will be done automatically, so to speak, and much more cheaply, by the currency itself. I cannot stop to consider whether money is an evidence of debt, or a "quality," or an "insurance policy." None of these points are material in dispute of my syllogism. Is money "a thing not labor that plays a part in production?" That is the only question for Mr. Kuchman. He admits that it plays a part in production when he pronounces it a "labor-saving device." He has denied that it is a thing, but can he deny it any longer? It may or may not be an "evidence of debt," a "quality," or an "insurance policy," but be it any, all, or none of these, in any case it is a thing. It is also immaterial whether at bottom the monetary power inheres in men. There is a sense in which all productive power inheres in men. There is no digging power in a spade; it inheres in man. But a spade is capital nevertheless. I contend that knowledge, skill, credit, strength, and all useful things whatsoever, being things not labor that play a part in production, are capital.

My answer to Mr. Bilgram shall be short. He tells me that money plays a part, not in production, but in trade. I deny the distinction. Trade is production; that is, it is production. And everything that saves labor in this part of production, or in any other part, is capital. And that money so saves labor by availing the necessity of costly transportation will not be denied by Mr. Bilgram. He himself says that production includes the transfer of the immature product from hand to hand. Now if in the absence of money the immature product has to be transferred a dozen times before reaching the consumer, and if by the use of money say nine of these transfers are avoided, it is indisputable that money plays a part, and a very important part, in production. This being the case, it follows that wealth which is put to two uses at once, one of which is monetary, is capital both because of its capacity as money and because of its primary capacity.

It remains only to say to Mr. Byington that I have not the smallest objection to the adoption of a term for the purpose of distinguishing that wealth which is not product. If a "raw material" is not good enough for the purpose, let Mr. Byington improve on it. But I think it irrational to confine the term capital to product only, since the purpose of the word capital, in my view, is to distinguish from labor in production which that labor uses in production.