

sideration that influenced his predecessor. What wages can he get out of the land? However, as between this location and others of equal natural quality, this one is more desirable because of the presence of a neighbor. This fact alone assures a greater income, because there are jobs that two men can perform more easily than can one man alone, and some jobs that one man simply cannot do. Their wages are mutually improved by cooperation. Each has more satisfactions.

Others come, and every accretion to the population raises the wage level of the community. In the building of homes, in fighting fires and other hazards, in satisfying the need of entertainment or in the search for spiritual solace, a dozen people working together can accomplish more than twelve times what each one, working alone, can do. Still, the wage level of the community is rather low, for it is limited by the fact that all the workers are engaged in the primary business of existence on a self-sustaining, jack-of-all-trades basis.

At some point in the development of the community it occurs to one of the pioneers that he has an aptitude for blacksmithing; and if all the others would turn over to him their chores in this line, he could become very pro-

ficient at it, far better than any of his neighbors. In order for him to ply this trade the others must agree to supply him with his needs. Since their skill at blacksmithing is deficient, and since the time and effort they put into it is at the expense of something they can do better, an agreement is not hard to reach. Thus comes the tailor, the carpenter, the teacher, and a number of other specialists, each relieving the farmers of jobs that interfere with their farming. Specialization increases the productivity of each; and where there was scarcity, there is now abundance.

Specialists with Capital

The first condition necessary for specialization is population. The larger the population the greater the possibility of the specialization which makes for a rising wage level in the community. There is, however, another important condition necessary for this division of labor, and that is the presence of capital. The pioneers have in their barns and pantries more than they need for their immediate sustenance, and are quite willing to invest this superfluity in other satisfactions. Their savings enable them to employ the services of specialists; and the more they make use of these services the more they can pro-

duce and save, thus to employ more specialists.

This matter of savings, or capital, may be defined as that part of production not immediately consumed, which is employed in aiding further production, so that more consumable goods may become available. In man's search for a more abundant life he has learned that he can improve his circumstances by producing more than he can presently consume and putting this excess into the production of greater satisfactions.

Respect for Property

Man has always been a capitalist. In the beginning, he produced a wheel, something he could not eat or wear, but something that made his labors easier and more fruitful. His judgment told him what to do, and of his own free will he chose to do it. That makes him a capitalist, a maker and user of capital. The wheel, after many centuries, became a wagon, an automobile, a train, and an airplane—all aids in man's search for a better living. If man were not a capitalist, if he had chosen not to produce beyond requirements for immediate consumption—well, there would never have been what we call civilization.

However, a prerequisite for the appearance of capital is the as-

surance that the producer can retain for himself all he produces in the way of savings. If this excess of production over consumption is regularly taken from him, by robbers or tax-collectors or the elements, the tendency is to produce no more than can be consumed immediately. In that case, capital tends to disappear; and with the disappearance of capital, production declines, and so does man's standard of living.

From this fact we can deduce another law of nature: that security in the possession and enjoyment of the fruit of one's labor is a necessary condition for capital accumulation. Putting it another way, where private property is abolished, capital tends to disappear and production comes tumbling after. This law explains why slaves are poor producers and why a society in which slavery is practiced is a poor society. It also gives the lie to the promise of socialism in all its forms; where private property is denied, there you will find austerity rather than a functioning exchange economy.

The Trading Instinct

The possibility of specialization as population increases is enhanced by another peculiarly human characteristic—the trading instinct. A trade is the giving up of something one has in order