individuals. This is as true among so-called hourly workers as it is among managerial workers. The efficiency of the capitalistic system stems from its tendency to concentrate the management of productive operations under the direction of the most capable managers. So it happens that a good manager may serve to coordinate the productive services of a large number of employees.

The control of capital also tends to be concentrated in the hands of the best managers. The owners of property—and to a large extent, they are simply those workers who have spent less than they earned—sometimes find it desirable to pool their property so as to attract the managerial services of an expert. Stockholders thus hire corporation management—agree to pay a manager for his services to them.

In order to best serve the interests of stockholders, the manager must be capable of coordinating the services of many individual employees in a way that is sufficiently satisfactory to each employee to attract that employee from alternative opportunities for the use of his services. So it is that a good manager serves a group of property owners as well as a group of employees, all in the interest of better service to customers. He serves to the extent that he is able to improve the productivity of all the property and all the labor which has voluntarily sought his management.

Labor and Capital

In many instances, employees voluntarily purchase shares of stock in the corporation which employs them. This is sort of a double vote of confidence in the hired management. The hired manager is obliged to try to satisfy consumers and at the same time to look after the interests of stockholders as well as the interests of employees. If he begins to respond over-generously to employee demands, to the detriment of stockholder interests, the stockholders may fire the manager or, at least, refuse to place any additional capital under his direction. On the other hand, if the manager thinks he can favor his stockholders by paying less than going market wages, he will also be mistaken because his best employees will begin moving to the better job opportunities offered by other employers. Thus, the market will not tolerate arbitrariness on the part of management.

A business manager, interested in preserving his own job, is obliged to meet competitive bids for the use of capital and for the services of employees. He faces constant competition from other managers. It is this competitive bargaining which determines a manager's salary, an employee's wages, a stockholder's return on his investment. This is the market method of determining the rates at which free men will voluntarily exchange goods and services with one another.