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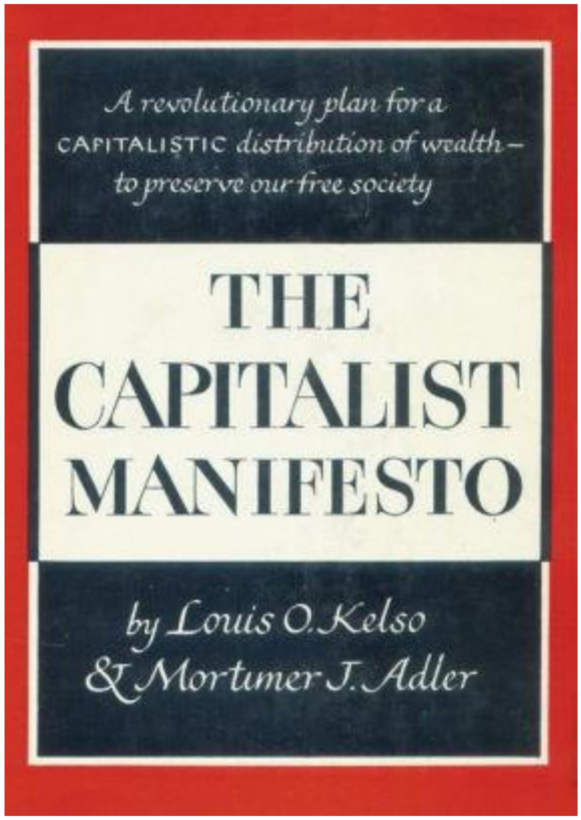

THE CAPITALIST MANIFESTO

by Louis O. Kelso
and
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5 ECONOMIC JUSTICE AND ECONOMIC RIGHTS

PROPERTY AND JUSTICE

It has often been said that where there is no property, there can be neither justice nor injustice. The statement is usually meant to apply with complete generality to everything that belongs to a man by right—that which is his own or proper to him, whether innate or acquired.

As thus interpreted, the statement covers more than economic property and economic justice. We are here concerned only with the application of it to economic affairs, and especially to the distribution of wealth as that is related to the production of wealth. We are, therefore, excluding from consideration, as having no bearing on the justice of distribution, such wealth as a man obtains by charity or gift on which he has, prior to its receipt, no just claim, as well as the wealth he may obtain by seizure, theft, or other means by which he unjustly appropriates what does not belong to him.[21]

The question with which we are first of all concerned is how a man who already has some property—in the form of his own labor power, capital instruments, or both—can justly acquire additional property.

This question presupposes that if a man has no property at all—that is, if in violation of his natural rights, he is a chattel slave deprived of innate property in his labor power—he may justly claim to have that innate property restored to him; but until it is restored, he has no property whereby he can justly acquire further property.

The underlying proposition is twofold: on the one hand, when a man has no property rights in factors productive of particular wealth, he can have no basis for a just claim to property rights in the wealth so produced; on the other hand, when he owns as his property all of the instruments of production engaged in producing particular wealth, he can lay just claim to all the wealth so produced.

From this it follows that if several men together employ their respective property in the production of wealth, each man's just share in the distribution of the total wealth produced is proportionate to the contribution each has made by the use of his property toward the production of that wealth. It must be repeated once more that it is only through his productive property—his

[21] Since property in things includes the right of control and disposition in any lawful manner, the laws relating to the transfer of property at death by will or by intestate distribution are merely regulative of special types of transfers of property by an owner. It is frequently said that the right to inherit or to receive property by will is purely artificial or statutory, meaning that it is not based on natural right. While no one has a natural right to receive property by will or inheritance (because no one, as a matter of justice, has a right to receive a gift), the owner of property does have a natural right to control and dispose of it. The justice of laws regulating transfers by will, and therefore of the laws regulating inheritance (which are by custom relied upon as substitutes for affirmative disposition by will), must be measured by the standards governing the relations between the State and the owners of property.

capital instruments or his labor power—that a man can participate in the production of wealth as an *independent* contributor. The slave whose labor power is owned and used by his master is not an *independent* contributor; hence he cannot, as a matter of strict justice, claim any share in the distribution of the wealth produced.

Two hypothetical cases will help us to clarify this basic point. They are stated in terms of the so-called Crusoe economy, a device so often used in the literature of economics.

(1) Imagine first the economy of Robinson Crusoe, before the advent of Friday but after he has taken possession of the island, domesticated a few animals, devised some hand tools, etc. All the further wealth he produces comes from the productive use of Crusoe's own capital and labor power. Part of Crusoe's output may be additional capital goods; the rest, consumables. To whom does it all belong? No one would hesitate for a second to give the one and only right answer: Crusoe. *A man is justly entitled to all the wealth he himself produces.*

(2) Imagine next the same island economy complicated by two additional factors. One is Friday, who, for the purposes of the example, shall be Crusoe's chattel slave in violation of his natural rights. The other additional factor is another man, by the name of Smith, whom Crusoe does not enslave. Since Crusoe owns the island, all the capital goods thereon, and the one available slave, Smith enters into an arrangement with Crusoe whereby he will participate in the production of wealth by contributing his own labor power for which, after some bargaining, it is agreed that Smith shall receive some share in the distribution of the wealth produced.

The fact must be noted that the only way Smith can participate in the production of wealth is by using his own property—the only property he has, namely, his own labor power. Only by contributing his labor can Smith's participation in the production of wealth be the basis for a just claim to a share in the distribution of the wealth produced.

Crusoe's man Friday, his goat, his dog, his tools, and his land all more or less actively participate in the production of wealth. But since their participation does not involve any property on their part, it affords no basis for their claiming a share in the distribution of the wealth produced.

Crusoe gives his dog, his goat, and Friday enough to keep them alive and serviceable. Since they participate in production as Crusoe's property and not independently, he can rightfully claim as his all the wealth they produce. It is his to give them as he pleases or not. But since Smith participates in production, not as Crusoe's property used by Crusoe but independently and by the voluntary use of his own labor, he has a right to claim a share in the distribution, as Friday, for example, does not.

What is Smith's just share? Suppose, in this hypothetical case, that it could be known that the value of Smith's contribution to the total production of wealth was one-tenth of the value of the total final product, the other nine parts being contributed by Crusoe's own labor and capital (*i.e.*, all the forms of productive property he owns). On that supposition, can there be any doubt at all that Smith's share in the distribution should be one-tenth of the total? If it is evident that a man is justly entitled to all the wealth he produces, does it not follow with equal clarity that, when several men jointly produce wealth, each is justly entitled to a distributive share that is proportionate to the value of the contribution each makes to the production of the wealth in question?

The foregoing hypothetical cases exemplify the principle of justice with regard to the distribution of wealth to those who have participated in its production by the use of their own productive property––their capital or labor power, or both. They show us concretely what it means to say that each independent participant is entitled to receive a distributive share of the total wealth produced; and that in each case the distributive share, to be just, must be strictly proportional to the contribution that each makes toward the production of the total wealth by the use of his own property.

This is the only principle whereby the distribution of the wealth produced can be justly grounded on the rights of property engaged in the production of wealth. It is furthermore the only distributive principle that is based on the recognition of the rights of property in productive factors, for the essence of such property lies in the right of the owner to receive the portion (or proportionate share) of the wealth which the productive factor owned by him produces.[22]

In order to apply this principle, we must be able to assess the economic value of the contribution made by each of the independent participants in production. How can their economic value be impartially or objectively determined, and determined in a way that is consonant with the institutions of a free society? More specifically, what assesses the value of the contribution to production made by factors A, B and C, in terms of which the owners of such factors are entitled to receive proportionate shares of the total wealth produced?

Our answer, in brief, is: *free competition*.

FREE COMPETITION AS THE DETERMINANT OF VALUE

In the opening chapter of *Capital*, Karl Marx announces that, in elaborating on a theory advanced by Ricardo, he alone has solved a problem that Aristotle first raised but failed to solve; namely, the problem of finding an objective measure of the economic value of goods and services, so that a just exchange of commodities is possible.

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22 There are other distributive principles not based on justice or property rights. One is the principle of charity. To continue with the example we have been using, suppose Friday had a sister who became Smith's wife and bore him five children. If Smith's contribution to the production of wealth in the Crusoe economy continued to be no more than one-tenth of the value of the total annual output, his annual income would probably become woefully insufficient for the support of his household of seven. In that case, Crusoe might give him something to supplement the income he earned. Since Smith had not earned this additional wealth, it would represent a charitable distribution on Crusoe's part.

Marx accepts Aristotle's principle of justice in exchange as requiring that the things exchanged be of equal value. He refers explicitly to the pages of Book V on Justice in Aristotle's *Ethics*, and especially to Chapter 5 where Aristotle raises the question of how we can equate the value of beds and houses so that a certain number of beds can be justly exchanged for a certain number of houses.

Aristotle recognized, Marx says, that we cannot equate qualitatively different commodities, unless they can somehow be made commensurable; but lacking any objective and common measure of their exchange value, he found that there was no way to commensurate qualitatively different things. Marx quotes Aristotle as declaring that "it is impossible that such unlike things can be commensurable"; and then adds that Aristotle "himself tells us what barred the way to his further analysis; it was the absence of any concept of value. What is that equal something, that common substance which admits of the value of the beds being expressed by a house? Such a thing, in truth, cannot exist, says Aristotle."[23]

At this point, Marx offers his own solution of the problem which, he says, Aristotle failed to solve. The objective and common measure of exchange value is human labor. According to the labor theory of value, two qualitatively different things can be made commensurable by measuring both by the amount of human labor involved in their production, and when thus measured, things of equivalent value can be justly exchanged.

Turning now to Book V, Chapter 5, of the *Ethics*, we find Aristotle saying, as Marx reports, that a just exchange of qualitatively different things requires that they be of equivalent value; and that

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[23] *Capital*, Book I, Part I, Ch. 1, Sect. 3. "The brilliancy of Aristotle's genius," Marx tells us, "is that he discovered, in the expression of the value of commodities, a relation of equality. The peculiar conditions of the society in which he lived alone prevented him from discovering what, 'in truth,' was at the bottom of this equality." Living in a society that "was founded upon slavery, and had, therefore, for its natural basis, the inequality of men and of their labor powers," Aristotle, Marx thinks, was "prevented from seeing that to attribute value to commodities is merely a mode of expressing all labor as equal human labor."

this in turn requires some way of commensurating their value. "All goods," Aristotle declares, "must therefore be measured by some one thing," and "this unit," he then says, "is in truth demand, which holds all things together; for if men did not need one another's goods at all, or did not need them equally, there would be either no exchange or not an equal exchange."[24] Aristotle admits, as Marx says, that it is impossible for the qualitatively heterogeneous to be made perfectly commensurate; "but," he immediately adds, "with reference to demand they may become so sufficiently."[25]

So far as we know, Marx and Aristotle offer the only recorded solutions to the problem of how to commensurate the value of heterogeneous things in order to determine equivalents for the purpose of justice in exchange. If Marx's labor theory of value is false, as we contend it is, then Aristotle's solution is the only one available; and, as he says, it is sufficient for all practical purposes even if, under actual market conditions, it falls short of perfection.

The exchange value of goods and services is, in its very nature, a *matter of opinion*. Only where free and workable competition exists does the value set on things to be exchanged reflect the free play of the opinions of all, or at least many, potential buyers and sellers. Any other method of determining values must involve the imposition of an arbitrary opinion of value, an opinion held by one or more persons or an organized group; and such a determination of value, to be effective, must be imposed by force. We submit that the human mind can conceive of no other accurate, objective, and

[24] *Nicomachean Ethics*, Book V, Ch. 5, 1133a27-29. We would say today not "demand" but "supply and demand," or "free competition." However, these are merely different expressions for the same thing.

[25] *Ibid*., 1133b19-20. We might add that any variance between the absolutely just relative values of two things being exchanged and the values at which they are in fact exchanged in a particular market merely reflects variances from *perfect competition* in the market. Aristotle is in effect saying that the free and workable co mpetition that is attainable in a market exempt from all monopolistic restraints results in a determination of values which makes goods and services sufficiently commensurable and makes just exchange possible.

impartial determinant of economic value, once the fallacious labor theory of value has been discarded.

What has just been said about free competition as the only accurate, objective, and impartial means of measuring the equivalence of values for the purpose of justice in the exchange of heterogeneous commodities is equally applicable when the purpose is one of measuring the relative contribution of different factors in the production of wealth, in order to allocate a just distribution of the wealth produced among the owners of these productive forces.[26]

One further point should be observed in passing. If the labor theory of value were true—that is, if labor and labor alone were the source of all value in economic goods and services—then labor would be entitled, in strict justice, to the whole of the wealth produced. According to this theory, labor, either in the form of living labor or, as Marx suggests, in the form of "congealed labor" (*i.e.*, the labor that is accumulated and congealed in machines), contributes everything to the production of wealth except what nature itself affords. Hence, everything produced would belong to labor as a matter of just requital.[27]

[26] In a money economy, the unit of measurement of value is, of course, the unit of money employed.

[27] Twenty years before the *Communist Manifesto*, the Preamble of the Mechanics' Union of Trade Associations (Philadelphia, 1827) declared that labor was the source of all wealth, but instead of demanding all the wealth labor produced, they asked only for an equitable share of it, *i.e.*, that which could be "clearly demonstrated to be a fair and full equivalent" for the productive services they rendered. That they did not think of a "fair and full equivalent" as *all* the wealth they produced is indicated by the following passage: "We are prepared to maintain that all who toil have a natural and unalienable right to reap the fruits of their own industry; and that they who by labor (the only source) are the authors of every comfort, convenience, and luxury are in justice entitled to an *equal participation*, not only in the meanest and coarsest, but likewise the richest and choicest of them all" (italics added). Equal participation left something for the owners of capital who did not, under this theory, contribute anything to the production of wealth. Marx was more consistent and thorough. He carried the labor theory of value to its logical conclusion; namely, that any return whatsoever to owners of capital who do not themselves work is *unearned increment* on their part, obtained unjustly by the exploitation of labor.

Hence if the labor theory of value were true and if a just distribution of wealth were to be based upon it, there would be no problem of how to divide the wealth produced as between the owners of property in capital and the owners of property in labor power. Marx might then be right in arguing that capital property in private hands should be expropriated, and in recommending that the State, having "expropriated the expropriators," should operate all capital instruments for the general welfare of the working masses, to whom all the wealth produced should then be distributed according to their individual needs.[28]

Since, as we maintain, the labor theory of value is false, and capital is a producer of wealth in the same sense that labor is, all the consequences drawn from the labor theory are wholly without foundation. We are therefore confronted by a problem to be solved—one which, so far as we know, has not yet been solved. That is the problem of achieving a just distribution of the wealth produced in an industrial society, while at the same time (1) preserving the prosperity of the economy, (2) securing economic welfare by a satisfactory general standard of living for all, and (3) maintaining the economic and political freedom of the individual members of the society.

To that problem we now turn.

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28 It should be pointed out that even if the labor theory of value were true, and even if it justified placing all capital instruments in the hands of the State so that the wealth produced by "congealed labor" could be shared by all living laborers, it would not provide a just principle of distribution, useful in solving the pro blem of what shares individual workers would be entitled to receive relative to one another. This explains why Lenin argued against any system of distribution that is based on the rights of workers—equal rights or unequal rights—instead of upon their needs. See his tract entitled *The State and Revolution*, Moscow, 1949: Ch. 5, especially Sects. 3 and 4.

THE PROBLEM OF JUSTICE AND WELFARE IN AN INDUSTRIAL ECONOMY

If the increasing productiveness of labor were the sole source of the increasing output of wealth per man-hour employed, labor could justly claim a larger and larger distributive share of the total wealth produced, by virtue of contributing more and more to its production. An objective evaluation of the services of labor through free competition among all relevant factors in production would automatically award ever increasing wages as a just return for the services of labor. As the total wealth of the economy increased, the standard of living of those who worked for a living would rise.

But as we have already pointed out, the productiveness of submanagerial and subtechnical labor is a relatively diminishing quantity as the productiveness of the whole economy increases with the introduction of productive forces other than human labor. If a competitive evaluation of the contribution of labor were then to set wages at a level which labor could justly claim as a return for its services, labor's standard of living might dwindle to bare subsistence or even fall below it.

Hence in an economy in which the wealth produced is distributed in accordance with the one principle of justice we have so far considered, that principle of distributive justice might work against the welfare of the great mass of men who work for a living, whose only income-bearing property is their own labor power, and whose only income takes the form of wages.

Such conflict would not necessarily occur in a pre-industrial economy, in which human labor was the chief productive factor and in which each man had property in his own labor power (*i.e.*, no man being owned by another as a chattel slave). But the case of an industrial economy is exactly the opposite. As the machines of an industrial economy become more and more efficient in the production of wealth, the problem of the conflict between distributive justice and the welfare of workingmen becomes more and more aggravated.

Before we examine the problem further, let us be sure that the truth about the relatively diminishing productiveness of human labor is clearly seen. The comparison of two slave economies, one more and one less productive, will help us to compare pre-industrial with industrial economies, and less advanced with more advanced industrial economies. In each of these comparisons, the greater productiveness of one economy over the other will clearly be seen to result from productive factors other than mechanical labor.

Let us first consider the hypothetical case of a slave economy in which every man is either a master or a chattel slave. Let us further suppose that each slave owner participates in the production of wealth without any use of his own labor power, but only through the use of his capital property, including the slaves he owns. On this supposition, the total wealth produced would belong to the slave owners; and, other things being equal, more would go to a slave owner who used more land and slaves than to one who had less of such property to use in the production of wealth. Here we see a just distribution of wealth based on participation in production through the use of one's property, no part of which is one's own labor power.[29]

Now let us consider two slave economies, *Alpha* and *Beta*, and let us imagine them as differing in one respect and only one. The slave owners in *Alpha* own beasts of burden as well as human

[29] Questions about how the slave owner acquired the property he has at the beginning of a particular year may be relevant to other considerations, but not to the matter at hand. We are concerned here only with the total wealth produced in that particular year, at the start of which two slave owners differ in the productiveness of the capital they own. During that year, let us suppose that each employs his property to its fullest productive capacity, and neither contributes his own labor. At the end of that year, the man with the more highly productive capital employed is entitled to a larger share of the total wealth produced than the man with less productive capital involved, for his property has made a larger contribution toward its production.

slaves, while the slave owners in *Beta* have slaves to use but no animals. All other productive factors are equal in the two economies, *i.e.*, both have the same natural resources, the same hand tools, and the same type of slaves (*i.e.*, the slaves in the two cases have equal strength and skill); and, in addition, the slaves who are household stewards and supervise the work of other slaves are equally diligent and efficient.

In which of the two economies is more total annual wealth likely to be produced—*Alpha* with beasts of burden, or *Beta* without them? The answer is *Alpha*, of course.

Since the reason for this answer is that *Alpha* involves a productive factor (animal power) not involved in *Beta*, it is perfectly clear that one economy can be more productive than another without that greater production of wealth resulting from the greater productiveness of its human labor. And if that is clear, is it not equally clear, according to the principle of justice stated, that the distributive share to which labor would be justly entitled does not necessarily increase with every increase in the total productiveness of the economy?

Now, then, substitute machines for animals; and for slaves, substitute men with property in their own labor power. With these substitutions, let *Alpha* be an industrial economy and *Beta* a nonindustrial one. All other factors being equal, *Alpha* will annually produce more wealth than *Beta*; but the contribution of labor, as compared with all other forms of property, will be no greater in *Alpha* than in *Beta*.

The same relationships will hold if *Alpha* is an advanced industrial society with powerful and automatic machinery, and *Beta* is a relatively primitive industrial economy, with few machines and poor ones.

Hence we see that the greater productiveness of one economy as compared with another can be attributed to labor only if, all other productive factors being equal, one economy employs more man power than another, or if, with equal amounts of man power employed, there is some difference in its average skill or strength.

Where it cannot be attributed to mechanical labor, and where, in fact, such labor power makes a relatively diminishing contribution as compared with all capital instruments of production, men who participate in production only through the use of such labor power may be justly entitled to so small a share of the total wealth produced, and would receive on a competitive evaluation of their contribution so small a share, that it may become necessary for them to use the power of labor unions, supported by the countervailing power of government, in order to obtain a reasonable subsistence or, better, a decent standard of living.

Laboring men may thus get what they need, even if it is more than they have justly earned by their contribution to the production of the society's total wealth. And if they do get more than they have justly earned, the distributive share paid out to the owners of capital must necessarily be less than the productive use of their property has justly earned for them. When this occurs, the rights of private property in capital instruments have been invaded and eroded, just as much as the rights of private property in labor power are invaded and eroded whenever the owners of such productive property are forced to take less than a competitively determined wage.

We are, therefore, confronted with this critical problem. In an industrial economy such as ours, is it possible to order things so that (1) all families are in a position to earn what amounts to a decent standard of living, (2) by an organization of the economy which preserves and respects the rights of private property in capital instruments as well as in labor power, and which (3) distributes the wealth produced among those who contribute to its production in accordance with the principle of distributive justice stated above?

We know that Soviet Russia claims or hopes eventually to be able to give all its families a decent standard of living. But we also know that its economy is based on the abolition of private property in capital instruments, and that it violates the principle of distributive justice insofar as it gives to each according to his needs, not according to his deserts. State ownership of all capital instruments and the governmental distribution of wealth in a charitable fashion may be able to achieve human welfare so far as the general standard of living is concerned, but such concentration of economic and political power in the hands of the officials who manage and operate the machinery of the State cannot help infringing, thwarting, or destroying the freedom of all the rest.

We know that in the United States we have already accomplished what Soviet Russia eventually hopes it can do to provide a generally high standard of living. But we also know that the distribution of wealth in this country has largely been effected by the power of labor unions supported by the countervailing power of government, by redistributive taxation, and by government spending to promote full employment. While more than 90 percent of the wealth is produced by capital instruments, about 70 percent of the resulting income is distributed to labor. Hence while private property in capital instruments still exists nominally, property rights are attenuated or eroded by withholding from the owners of capital the share of the wealth produced that is proportionate to the contribution their property makes.

The economy of the United States, or what some of its enthusiastic exponents call our "welfare capitalism," is hardly a system based on property rights and distributive justice. We may have succeeded in meeting requirement (1) of the three *desiderata* stated on the preceding page, but only at the expense of sacrificing requirements (2) and (3).

Can the problem be solved? We think it can be, in spite of the fact that, in an advanced industrial economy, the contribution of mechanical labor to the production of wealth has diminished to the point where the return to which it is justly entitled and which it could obtain in a freely competitive market might well fall below mere subsistence, not to mention a decent standard of living.

With every future phase of technological progress, the discrepancy between (a) the contribution of labor to the production of wealth and (b) the income needed by workers to maintain a desirable standard of living must necessarily widen. But with every technological advance, the increasing productiveness of capital instruments also makes the solution of the problem more feasible.

That solution is based on full respect for property rights and on principles of economic justice which not only respect such property rights but also recognize that each man (or, more accurately, each household) has a natural human right to participate in the production of wealth through the ownership and application of productive property (either property in labor or in capital instruments or in both) to a degree sufficient to earn for that household a decent standard of living.

So far we have stated only one of the three principles of justice that constitute the solution of the problem. By itself, it is inadequate, as will be seen when we show why it needs to be supplemented by the other two.[30]

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[30] An industrial economy faces another problem, which is neither one of justice nor of charity in the distribution of wealth. It is the problem of maintaining a level of consumption adequate to ever increasing levels of productiveness. If it fails to solve this problem, an industrial economy is prone to cycles of boomand-bust in a mounting

series of economic crises of the sort that Karl Marx predicted would bring about the eventual and inevitable collapse of capitalism. His prediction that capitalism will sow the seeds of its own destruction is based, of course, on his assumption that what he called the "capitalistic exploitation of labor" would persist in keeping wages at a bare subsistence level. Since the few who were capitalists could consume only a small portion of the goods an industrial society was able to produce; and since the laboring masses kept at a bare subsistence level did not have enough purchasing power to consume the residue, Marx argued that mounting crises of overproduction and underconsumption are inevitable. Only the widely diffused purchasing power that represents a generally higher standard of living can solve this problem. No plan for the organization of an industrial economy, no matter how just, has any practical significance unless it also solves this problem of the economy's self-preservation. Granting that, we are confronted with these alternatives: (1) Can an industrial economy be saved from self-destruction by adopting principles of economic justice, with full respect for all human rights, including those of private property in capital as well.

THE THREE RELEVANT PRINCIPLES OF JUSTICE

Justice, in its most general formulation, imposes the following moral duties or precepts upon men who are associated for the purposes of a common life: (1) to act for the common good of all, not each for his own private interest exclusively; (2) to avoid injuring one another; (3) to render to each man what is rightfully his due; and (4) to deal fairly with one another in the exchange of goods and in the distribution of wealth, position, status, rewards and punishments.

The one principle of justice already stated in this chapter is a special application of the fourth precept to the distribution of shares in the wealth produced among those who have participated in its production. When, according to this principle, the distributive share rightfully due a participant in production is determined, the third precept becomes applicable, for it commands us to render unto a man whatever is his due.

As we pointed out, two more principles are needed to solve the problem stated in the preceding section. The second principle is a special application of the third precept alone for, quite apart from particular exchanges or distributions, it is concerned with the economic rights of individuals and with the obligation of society to see that every family gets its due in accordance with such rights. The third principle calls for whatever legislative regulation of economic activity may be needed to prevent some individuals from injuring others by pursuing their private interests in a way that violates the

as in labor? Or (2) must it resort to principles of charity and welfare in order to effect a generally higher standard of living, and in doing so violate certain principles of justice by invading the rights of private property in capital (as in the United States) or by abolishing them entirely (as in Soviet Russia)? We think that the first alternative is not only possible, but that it is also morally and humanly better than the second, because by a just organization of the economy it preserves political liberty and gives men individual freedom as well as the economic welfare that is necessary, though not sufficient, for a good life. But it will take the capitalistic revolution we are advocating to bring this about.

economic rights of others. It is a special application of the second precept of justice given above, and indirectly of the first as well.

As applicable to the production and distribution of wealth, these three principles of justice can be briefly stated in the following manner:

1. THE PRINCIPLE OF DISTRIBUTION

   Among those who participate in the production of wealth, each should receive a share that is proportionate to the value of the contribution each has made to the production of that wealth.

   (It will be seen that this is another way of saying that each participant in production is rightfully entitled to receive the wealth he produces. Where all exchanges, including those which are part of the process of production and distribution itself, are impartially evaluated through free competition, the share received by each participant, paid in money, is the equivalent in value of the contribution he has made.)

2. THE PRINCIPLE OF PARTICIPATION

   Every man has a natural right to life, in consequence whereof he has the right to maintain and preserve his life by all rightful means, including the right to obtain his subsistence by producing wealth or by participating in the production of it.

   (It will be seen that this is another way of saying that everyone has a right to earn a living by participating in the production of wealth. Since a man who is not a slave can participate in the production of wealth only through the use of his own productive property, *i.e.*, his own labor power or capital, the right to earn a living is a right to property in the means of production. The principle of participation, therefore, says that every man or, more exactly, every household or consumer unit must own property in the means of production *capable*, if employed with reasonable diligence, of earning by its contribution to the pro-duction of wealth a distributive share that is equivalent to a viable income.)

3. THE PRINCIPLE OF LIMITATION

> Since everyone has a right to property in the means of production sufficient for earning a living, no one has a right to so extensive an ownership of the means of production that it excludes others from the opportunity to participate in production to an extent capable of earning for themselves a viable income; and, consequently, the ownership of productive property by an individual or household must not be allowed to increase to the point where it can injure others by excluding them from the opportunity to earn a viable income.
>
> (It will be seen that this is another way of saying, first, that chattel slavery is unjust, for it makes men propertyless and thus deprives them of their natural right to earn a living by their ownership of any means of production; and, second, that, in an economy in which the private ownership of capital as well as labor is the basis of an effective participation in the production of wealth, injustice is done when the ownership of capital is so highly concentrated in the hands of some men or households that others are excluded from even that minimum degree of participation in production which would enable them justly to earn a viable income for themselves.)

If the meaning of these three principles is clear; if the relation of the second to the first and of the third to the second is also clear; if their special significance for an industrial as opposed to a nonindustrial economy is seen; and if it is understood how the operation of these three principles would solve the problem stated in the preceding section, the reader does not need the amplification which follows in the remainder of this chapter. It is offered to provide a commentary that may be needed. It sets forth, in the light of the foregoing principles, the conditions requisite for the just organization of any economy, and especially of a capitalist economy.

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