

March 1915.

March
Fifth,
1915.

Mr. Charles Henry Davis,
"Elmwood",
Cambridge, Mass.

Chas. H. Davis

Dear Sir:-

Received your letter of March 3rd, containing question how it can be brought about that money does not multiply itself without any efforts of the owner.

Under "money" I understand the equivalent of commodities, or their exchange value, which may be in gold, or gold certificates, or industrial certificates etc., *As* long as commodities will exist, money thus must exist, and nobody can find any fault with its existence, nor its accumulation by any person who does not consume all his commodities.

As soon however, as money is invested in production, transportation etc. and brings interest, it becomes capital, and as such becomes dangerous to society, by automatically accumulating and thereby first giving those men, who control the capital, a power and control over their fellow-men, which may be harmful, and certainly is not democratic. Still later on, with the growth of capital, it begins to

dominate its owners, and we are now just in the beginning of the period when the capitalists cease to own the capital, but impersonal capital owns the capitalists as well as everybody else.

The origin of, and the necessity for capital today is based on the characteristic of production, that commodities, that is, products, must be available (tools, factories etc.), before production can begin, and the possibility of production thus depends on the previous existence of a store of products, and production thus becomes dependent on, and must pay taxes to the owner of the store of products, the capitalist.

Assuming now that society, as organized in a national or international government - a more efficient government indeed than our present - sets aside a part of all the product for use in starting further production. That is, production pays a tax which is used by society to finance further production, the amount being merely such as is required to maintain the integrity of the existing means of production, and provide for their increase with increasing civilization (and population). There would

then be no demand any more for private capital, but private capital would cease as a matter of course, that is, private capital would revert back to private money, having its ^{purchasing} ~~portioning~~ power as medium of exchange and as equivalent of commodities, but it could no further multiply itself, since there is no further demand for it, society as a whole taking care of the function now devolving on private capital.

This is socialism.

How this will be brought about in the natural development of our industrial civilization, nobody can predict, but we can only imagine: whether gradually by the dropping rate of interest, or by the increasing strength and ability, and increasing entrance of the government into the industries as competitor with private capital, or by the extension of the principle of supervision and control by governmental commissions, etc.

Yours,

CPS-SW