

EDITORIAL

## WHAT IS “CAPITAL”?

By DANIEL DE LEON

**A** CORRESPONDENT writes:  
“I encounter much confusion on what ‘capital’ means. Prof. Seligman in his book on economics says: ‘Capital would then be defined as that part of wealth which is the result of production devoted to further production.’ That looks pretty clear to me. Is the definition good?”

The definition is bad. It is bad because it is defective. It is defective in that, capital being a social phenomenon, its social “setting” is a necessary part of its definition, and the social “setting” is omitted from the definition.

The blacking, blacking-box and brushes of the shoe-black are “a part of wealth which is the result of production devoted to further production.” So is the axe of the frontier settler who clears his own allotment; so is the needle, and the sewing machine to boot, of the housewife who makes her own dress, and mends the clothes of her family. All of these are “a part of wealth which is the result of production devoted to further production.” If, in order to qualify as “capital,” a thing need no more than prove that it is a “part of wealth,” that the wealth which it is a part of was “the result of production,” and, thirdly, that itself is “devoted to further production,” then the boot-black’s brushes, blacking and box, the housewife’s needle, the pioneer settler’s axe, are all “capital”—and by the same token “capital” would have existed from the day when the first savage, moving from the Middle, entered upon the Upper Status of Savagery by using the bow and arrow—a part of wealth which was the result of production and devoted to further production. Of course the bow and arrow was not capital, and, by the same token neither is the blacking, brushes and box, nor the needle and sewing machine, nor the axe in the above illustrations, capital.

What is that token? The circumstance that they were and are used by their

owner, him or herself; hence, that the “further production” to which they serve and are devoted is directly the property of their owner.

The social “setting” of capital is the existence of a layer of population that neither has, nor enjoys the opportunity to acquire, any part of “wealth which is the result of production and which can be devoted to further production.” When society has developed to the point that that layer of population appears upon the social stage, then “that part of wealth which is the result of production and is devoted to further production” ceases to be operated by that other layer of the population which is in possession of it; “that part of wealth,” etc., is then allowed by the social layer in possession of it to be operated by the social layer that is not in possession of it; with the final result that the social layer which is not in possession of “that part of wealth,” etc., is compelled, in consideration of the opportunity to earn its own living, to allow itself to be exploited by earning also the living of the social layer which is in possession of “that part of wealth,” etc. In the measure that the social setting of capital becomes more pronounced, capital itself develops, and the two—social setting and capital—acting and re-acting upon each other, the social stage is reached which becomes typical of capital, the stage when society is divided between the Capitalist Class and the Working Class.

Accordingly, the definition of “capital” is: “That part of wealth which, first, is the result of production; secondly, is devoted to further production; and thirdly, enables its holder to use it, and is used by him, in ways and manners that exploit the producers.”

Truth is that which fits all the facts. Prof. Seligman’s definition of “capital” does not fit all the facts.

Transcribed and edited by Robert Bills for the official website of the Socialist Labor Party of America.  
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