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EDITORIAL

\$-LESS STOCK.

By DANIEL DE LEON

IT is no new suggestion which has been made by its special committee to the New York Bar Association, on how to prevent fraudulent stock promotion.

Abolish the money denomination, or par value, on stock certificates, says the committee, and thus prevent the deception of investors.

Except as a bit of comedy, no such law will ever be passed. Laws are not made for kindergarten children, but for men, and no man to-day but already knows what the law would attempt to make clear, namely that there is no necessary connection between the "face value" of stock and its selling price.

Nobody but a kindergarten infant to-day believes that a \$100 share of stock represents a value of \$100. What it represents is the right to a certain fraction, "a one-thousandth or one-millionth or other fraction according to the number of shares" of the wealth extracted by the concern issuing it, out of its workingmen.

To illustrate: Say a stock certificate bears the legend "\$100." If the total "capitalization" of the company be \$1,000, the \$100 stock represents the right to 100-1,000ths, or 1-10th of the company's "profits."

If the company be capitalized at \$100,000, the same \$100 share of stock would represent the right to only 100-100,000ths, or 1-1,000th of the profits; while another \$100 share may represent a larger fraction than either of these, if the total capitalization be, say, \$500.

Stock being nothing but so much cheaply printed paper, it has practically no value. But it may have price, and a great price. That price depends upon the amount of "dividends" the concern is paying, i.e., how much it is robbing its employes of. Last Saturday Union Pacific was selling on the New York Exchange at \$180 per \$100 share; at the same time Quicksilver could fetch only \$3.50. A strike of its workmen, or a Supreme Court decision against it, may send a company's stock

tumbling down; let it call in U.S. troops against the strikers, or get out an injunction forbidding itself to obey the decision, and lo, the stocks “rally.”

All of which is only the veriest A.-B.-C. of stock jobbing.

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

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slpns@slp.org