gold which is produced by social labor expended in gold mining during the same given time in which the working class is spending its energy in the production of cotton, yarn, coal, wheat or any other form of commodity which **gold is afterwards exchanged for;** consequently, Karl Marx claims, this piece of gold, or sum of money paid as wages to the working class, is **not equivalent to the gold value of the labor-time** expended on the product which the working class leaves in the factory of its employer, and which is afterwards exchanged for its value in gold prices by the employer. Capital, in modern commerce, originates, says Marx, in the surplus of gold (or money) value of the products of the working class in excess of the weight of the gold paid to the working class as wages.

In the "International Socialistic Review" (Chicago, U. S. A.) for February, 1911, will be found article 4 of a series of studies for "beginners" in "Socialism and the Economics of Karl Marx," in which this erroneous Socialist treatment of money and gold as equivalent terms is clearly taught, giving to students a wholly incorrect view of monetary exchange, and failing to correctly interpret the capitalistic process of exploitation and fraud in actual practice.

The reader will observe that all trading, which is popularly spoken of as buying and selling, is really "exchange."

Buying wheat is actually an immediate exchange of wheat for money, or a contract for future completion of such an exchange; the same principle applies to the selling of wheat. Hence it follows that, in order to make money an equivalent in exchange, there must be embodied in money an actual representation of an approximately equal volume of social labor measured by time, such as is represented in wheat, or coal, or cotton cloth, etc., for which it (money) is traded.

Only **because gold metal met such a requirement did it come originally to be chosen for the money function.** Anything that does not meet that requirement, and functions as gold metal is a fraud, and **effects robbery by exchange of non-equivalents,** through its effects on market prices; switching labor products from the possession of producers to that of non-producers. **That is, in my judgment, the position in regard to the paper note issues of Canada's chartered banks.**

It is very important to recognize the fact that when Karl Marx refers to the labor of the working class in wealth production, (see "Capital," chap. 1, sec. 2, on "The two-fold character of the labor embodied in Commodities,")he **covers all the varied forms of mental energy expended in social service quite as thoroughly as he covers muscular labor;** also it must be observed that when he speaks of "wages" of the working class, he fully covers all returns for any social service such as is expressed in **salaries, agents' commissions, and professional fees for services rendered;** as distinct from incomes drawn from profit, interest, rent, etc., that do not represent labor. There is a great deal of very superficial criticism of Karl Marx's theory of surplus value, resting on a wholly false interpretation of his use of the terms "labor," "wages," and "working class." On the other hand, **I propose to demonstrate that Marx himself was incorrect** in his analysis and interpretation of the monetary process of exchange as it is practised to-day, and was actually practised in Europe and America at the time "Capital" was written.

Marx's interpretation of the economic law that governs monetary exchange, and the circulation of commodities leads him farther to the conclusion (a conclusion that largely dictates the attitude of International Socialists towards manufacturing employers of labor) that the working class is fleeced of the wealth it produces, in excess of that volume of its own product which it receives as wages, by a process of robbery **at the point of production:** viz., in the factory or workshop, where the worker is robbed direct by his employer on lines suggested above. **Marx distinctly denies that profit is made by any juggling that takes place in the department of exchange,** as distinguished from the department of factory production proper; and he devotes a good deal of attention to that possibility (see "Capital," chap. 5, on "Contradictions in the General Formulae of Capital.") **He says:** "The conversion of money into capital has to be explained on the **basis** of the laws that regulate the exchange of commodities **in such a** way that the starting point is the exchange of **equivalents.**"

In a footnote in "Capital" below the foregoing sentence appears the following very important example of Marx's attitude toward money prices, viz.: "The formation of capital must be possible even though the price and value of a commodity be the same, for its production cannot be attributed to any deviation of the one from the other," meaning that profits (surplus) cannot be extracted from any normal market by a manipulation of the mechanism of exchange that shall permanently raise money prices to a level above the weight of gold metal that expresses an equivalent in volume of social labor-time for the thing exchanged. In other words, **Marx contends that market money prices cannot permanently deviate from labor-time values.** Hence flows the argument that the working class is robbed in the factory where it is first paid money wages, and **not in the market where it afterwards exchanges its money wages to consume its product.**

That this proposition is received without qualification by accepted teachers of Socialist economics to-day will be seen by a further reference to the article mentioned above in the Feb., 1911, issue of the "International Socialist Review," also by following the propaganda teachings in Canada of Socialist publications, such as the "Western Clarion" (Vancouver, B.C.) and "Cotton's Weekly" (Cowanville, P.Q.,) or the stump orations of Mr. O'Brien, M.P.P., Socialist member of the Alberta Provincial Legislature; or such representative publications as "The People," of New York, U.S.A.

*In view of the close connection between advancing prices of working class necessities, in its pressure on money wages, forcing direct conflict between employers and employed, through disastrous "strikes" aiming to raise money wages and thus equalize matters in the price market, a serious study of this complex and highly interesting problem of bank notes and monetary exchange should be taken up by all manufacturers' organizations and "ministerial" associations. Such a study is particularly desirable in view of the widespread unrest of great masses of the workers in Europe and America, in revolt against the moral iniquity of prices of foodstuffs, **an unrest that will grow more serious rather than decrease.**

Before touching on the immorality of Canada's currency system and the **entire absence of gold backing to the note issues of our Chartered Banks,** which is disclosed in Prof. Johnson's report to the "Monetary Commission of the United States," in which he says: "The bank note is almost the sole circulating medium in Canada," being the chief medium in daily use for payment of wages to the working class, etc., let us again emphasize the important fact, in passing, that the term "working class' in this connection, is one that covers the salaried citizens in every department of civil, as well as commercial service, not excluding **the clergy, who, particularly in Protestant communities, are reaping in the oppression of current market prices the natural fruit of their neglecting in the past to shed the light of truth on economic law and morals in monetary practice.** In this department of exchange, not less than elsewhere in human activities, moral principles enforce their demands and refuse to be ignored.

The truth alone shall set you free.

It is tragically true that as men think so do they act, and the gold standard base to the Capitalistic system of industry, with its gross frauds and social malformations, derives

***This is a very remarkable paragraph, written in 1911, as a forecast of labor unrest in 1919.**