

# Economic Logic

**T**HE general formula of capital is M—C—M—  
or Money, commodity, plus money of a greater magnitude than the originally invested amount. The difference in the magnitude of these two sums of money is commensurate with the surplus values created in the sphere of production, and realized in the sphere of circulation.

This difference, or the sum of surplus-values produced by the working-class but taken charge of by the master class constitutes the revenue of that class of parasite, and the revenue of society as a whole for any given period is composed of the sum paid as wages to the working class and the surplus values produced by them. In other words the revenue of society from one year's end to another may be expressed by the formula  $v+s$ , or wages plus surplus value.

In order to understand the difference between surplus value and profit, it is essential that we understand the difference between the two measures used to arrive at the difference in terms. Surplus value is measured by the wages or variable capital, and when brought into such relationship it is called the rate of surplus value. Thus if the wages were \$20 per week, and the surplus amounted to \$20, the rate would be 100 per cent. The term profit, used by the capitalist, is the relationship of this surplus to the whole capital invested. Thus if \$100 were invested say in machinery, and materials and wages, the \$20 would have to be measured by this \$100 in order to arrive at the capitalist concept of profit. When so measured it is called the rate of profit.

It will readily be seen by this that there is a vast difference between the two rates so expressed. The rate of surplus value is 100 per cent. but the same absolute magnitude when expressed at the rate of profit is only 20 per cent.

The capitalist looks upon this profit as his natural right for taking a chance, although \$80 of this capital was expended for commodities such as machinery and raw material, and, therefore, for equivalents for that sum of money. These equivalents are the capitalists' property. The other \$20 is used for buying another commodity known as labor-power, and it is by this purchase that the capitalist gets his profit. For though the \$20 may be equal to the value of the labor-power of the worker, yet this labor-power, when used productively, creates a value greater than its own. That is the reason labor-power is bought by the capitalist and why the capitalist class fight so fiercely to retain the wages system.

The period of time absorbed in producing commodities is known in economic parlance as the working period. But there is also another portion of time to be used up ere the happy consummation of M—C—M is realized. This period of time is called the time of circulation. It is in this sphere of circulation that value of commodities finds its expression as price. Price being merely the monetary name of value. The two periods of time are called by Marxists "period of turnover." Thus the period of turnover is comprised of two time factors: (1) the working time, and (2) the circulating time.

The two groups of capitalists functioning in these two spheres are known respectively as industrial capitalists and merchant capitalists. The terms used to differentiate the two forms of capital are industrial capital and merchant capital. The merchant does not add value to the commodities, but shares in the surplus-value created in the sphere of production. Between the two periods—the working period and the circulating period—there is a relationship which affects the whole of society, especially the worker. This will easily be seen and understood if we keep in mind that production under capitalism is carried on for profit, and that profit is but another term for surplus-value created during the working period but only realized during circulating period.

When a case of over-production occurs, that is, when the markets of the world are flooded with

commodities which cannot be gotten rid of except by destruction or by "cut-throat prices" the merchant quits buying and the industrialist is obliged to quit producing. We then have what is called a crisis.

We may here then state a law that will be worth remembering: "The quantity of continually serving productive capital is determined by the proportion of circulation time to the period of turn-over." Carefully considered and worked out in different magnitudes of the difference between these proportions and how they affect the working class will well repay the student for the time spent in this problem.

There is still another little law that can be developed from another angle of capitalism, and that is the one that springs from competition. The capitalist system forces the capitalists on the pain of extinction to produce as quickly as possible. He who produces in less time than his brother is enabled to crush that brother out of existence under the law of his own system—the survival of the fittest.

In order to stay in existence as a capitalist therefore, each is compelled to continually introduce labor-saving machinery, more efficient method, a greater intensity of labor among his slaves, with a view of producing a greater mass of commodities in a given space of time.

From this continual renewal and improvement in the machinery of production another law can be

postulated: "Due to the advance in the productiveness of labor a constantly increasing quantity of means of production are set in motion by a progressively diminishing expenditure of human labor." By perfectly sound logic this law can be inverted into: "The higher the productiveness of labor, the greater is the pressure of the laborers on the means of employment, and the more precarious becomes their condition of existence."

It is due to capitalism that there is such a large unemployed army in England, Germany, America, in fact all capitalist countries. It is not due—as many professional writers claim—to the fecundity of the laborer. Nor would a universal application of Margaret Sanger's cure help the working class to solve the problem.

From what little has been touched upon in this article and followed up by a further perusal of Marx's "Capital," it will be made plainly evident that as long as capitalism lasts the more must the misery of the working class increase.

So we may draw this little discussion to a close by stating the logical conclusion that must impress itself on the minds of all those who understand their Marx; this conclusion is: that the elimination of capitalism and the inauguration of Socialism is the only solution. In other words a complete revolution! And to accomplish this we need the power of the State.

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## Reconstruction

**D**URING the decade now drawing to a close, there has appeared in the general discussion of current events and world affairs two attitudes or forms of comment and explanation called constructive and destructive criticism. The line of division is often very indistinct and vague because of the shifting basis of opinion and diverse application, due chiefly to an economic or political bias. It is assumed by some that destructive criticism is necessarily negative in character and barren of result, where the Constructive form is opposite in effect. This may or may not be the case, depending upon the subject dealt with, by whom used and at what object it is levelled.

There is perhaps no more destructively critical element, in the narrow personal sense, than the great mass of poorly educated working people, and from where does most of their inspiration come if not from those same egotists who hold themselves so superior to the mob? If hero worshippers abound among the majority of the population none are so ready as these peculiar chroniclers to supply the material for the manufacture of saviours to be praised or villains to be damned. Thus the quality of their own education is not far removed from that of the common herd they never tire of abusing. The critical methods of these incurable romancists takes the old form of character sketches, memoirs and anecdotes and legends of prominent personages brought to the general notice by fortuitous circumstances, and weaving around their careers the sequence of events as the special outcome of the dynamic power of their colossal intellects. In this way has arisen the doctrine of personal responsibility, generating those commonly accepted ideas by which the bulk of mankind looks for a solution of its problems within the individual consciousness. It thereby accepts as facts the claims of individual theorists and assesses its miseries and worries as proceeding from laziness or brainlessness.

The war with its aftermath of crisis and revolution has given plenty of scope for any critical ability or analysis, but chiefly simmers down to the methods referred to above. The majority sup-

port the powerful interests that dominate the field of industry and politics today, the others, with some success, attacking the prevailing economic system.

So in spite of the enduring reverence for biographical incidents and personal illusions there is a considerable body among the laboring class that expresses itself quite otherwise. Its destructive criticism places small stress on the personal element, having a wider outlook and being deeply analytical. It is germinated in industry, is shaped and directed and gains its compelling force from the daily observation and study of the giant tools and functions of the entire productive machinery around which the workers gather to operate. They cannot help but see the interdependence of all units in the process which, on an international and world scale, becomes social in character. They note further that the ownership is not vested in society but held by a distinct class, only a small part of the whole, and that to rail against these or praise them, offers no solution to their problem.

The problem of the working class is poverty and its solution, though they toil and strive their position is essentially that of beggars. The active factor in production, they scarcely achieve the minimum requirements of a meagre livelihood, and what there is of enjoyment here takes on a hectic flush and the quickly passing fantasies of empty lives. Brainless and lazy some of them may be, but that applies with equal force to their masters, for as a class the workers, good and bad, produce everything of value. Knowing this there arises the idea of class consciousness and action, the sign of awakening intelligence and the point of advance. No longer hero worshippers, the more enlightened support class policies even though at times such are vague and ill-founded and lead to temporary defeats and set backs.

From this time on the tenets of an outworn philosophy fade and in its place the new concepts of the governing material environment and their class mission guide the conscious working people in obedience to the law of change, to the advantage of all humanity.

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