

The Science of Socialism

By H. M. Bartholomew.

ARTICLE 3.

Wealth Production—Capital

WE have seen in the previous article, that the wealth of a nation is the products of human labor power, and that the exchangeable value of each and every one of the manifold commodities which go to make up that wealth is determined by the quantum of social human labor power which is essential to its production.

It is our business to take the process whereby a certain article is produced and to analyse that process before we can rightly ascertain the underlying causes of the economic problems which confront mankind everywhere today. For the purpose of such an analysis let us take the means whereby cotton is produced and try to trace the cause of the poverty of the operatives on the one hand and the riches of the cotton masters on the other.

It is patent, that in order to produce cotton goods, something more is needed than human labor power. We saw, in the last article, that labor, per se, possesses no value; that value is created and is determined by the quantum of social human labor power which is essential to production.

Human labor power can only produce use-values by application to the land and its products. As Sir William Petty said: "The earth is the mother and labor the father of all wealth." Or to quote Karl Marx:—

"Labor, is, in the first place, a process in which both man and Nature participate, and in which man of his own accord starts, regulates, and controls the material re-actions between himself and Nature. He opposes himself to Nature as one of her own forces, setting in motion arms, and legs, head and hands, the natural forces of his body, in order to appropriate Nature's productions in a form adopted to his own wants."

Cotton, for instance, is a product of Mother Earth; and the finished cotton goods cannot be made by labor and placed upon the world's markets until such time as the cotton operatives have obtained access to land and to industrial capital.

Land—that is the first great essential in order that useful commodities may be produced by human labor power.

But it is patent that land in combination with human labor power would not alone suffer in the modern process of wealth production. If, for example, there are but these two essential elements to the exclusion of all others, the accumulation of wealth on a large scale is economically impossible. A dozen men, who possess nothing but their ability to work, placed upon the finest and richest soil in the world would not be able to accomplish as much as one man who tilled poorer land with a few implements.

Man, is, indeed, as the Prophet of Chelsea has ably pointed out, essentially a "tool using animal." Given tools and machinery, and the quantum of wealth produced by human labor increases by leaps and bounds. To again quote Marx:

"An instrument of labor is a thing, or a complex of things, which the laborer interposes between himself and the subject to his labor, and which serves as the conductor of his activities. He makes use of the mechanical, physical and chemical properties of some substance in order to make other substances subservient to his aims."

We find, then, that the production of any given commodity, in this case cotton, involves the employment of three essentials:

Land, Tools and Human Labor Power.

Let us examine the production of the cotton goods by a present day capitalist, bearing in mind what has just been said.

We find that the Cotton King is the proud possessor of land, machinery, mills—in short of two out of the three essentials to the production of cotton goods. He has invested a very considerable sum of money into those essentials, for he has paid for the land, for the buildings, and for the machinery. He is the sole possessor of the cotton mills and the whole of their contents. In other words, our Cotton King is a capitalist, and the cotton mills which he owns comprise his capital.

Once again we find it necessary to enter into a brief abstract disquisition in order that we may obtain a fair idea of the working of the existing social

order. What is this capital? In what manner does our Cotton King expend his capital.

In the first place there is his **money capital**, which may be taken as the starting-point of the whole process of producing cotton. With his money capital our Cotton King goes into the markets of the world in order to purchase all the raw materials which are essential to the production of useful cotton goods.

His **Commodity Capital provides him with the purchased commodities**, including labor power, that have been bought by his money capital and taken by him into the sphere of cotton production. Here their form is completely changed, for the raw cotton is converted into yarn and afterwards into clothes. Some of the articles disappear—for instance, coal and oil. Although some of these component portions of the commodity may disappear, their value appears in the finished commodity.

Our Cotton King's **Fixed Capital** represent those portions of his capital, whether buildings, machinery, tools or similar "instruments of labor" as only transfer a portion of their value to the finished article. They give over their value by degrees, the portion of their value which has not been embodied in cotton goods remaining "fixed" in them. All the value of this Fixed Capital is ultimately transferred to the commodities, but the transference occupies many years. Says Marx:

"Capital is not "Fixed" because it is fixed in the instruments of labor, but because one portion of its value embodied in instruments of labor remains fixed therein, whilst another portion is in circulation as a fraction of the entire value of the completed product."

His **Circulating Capital** comprises that part of the essential constituents of production which consists of the raw and incidental materials the whole exchange value of which is embodied in the finished article. The raw cotton, coal, oil and similar elements of the finished commodity, a coat, have either been transformed into a new use-value, or have disappeared altogether. In any case the whole of their value is expressed in the final value of the coat.

Again, we find that our Cotton King has his **Constant Capital**. Says Marx:

"That portion of capital, then, which is represented by the means of production, by the raw-material, auxiliary material and the instruments of labor, does not in the process of production, undergo any quantitative alteration of value. I therefore call it the constant part of capital, or, more shortly, constant capital."

Constant capital, in fact, represents the total expenditure of our Cotton King upon the production of the finished article, with the exception of that portion of his money which goes to reward labor in the form of wages or **Variable Capital**. Marx tells us that:—

"That part of capital, represented by labor power, does, in the process of production, undergo an alteration of value. It represents an equivalent of its own value, and also produces an excess, a surplus-value, which may itself vary, may be more or less according to circumstances. . . . The characteristic of variable capital is that a determined, given fraction of capital—a definite amount of value, is exchanged against a self-increasing, value-creating power—labor-power to wit, which not only reproduces the value paid for it by the capitalist, but likewise produces a surplus-value, and paid for by no equivalent."

Having, all too briefly, analysed the manner in which our Cotton King expends his money (capital) and the various forms which that capital takes, let us return to the actual cotton mill itself.

In that mill, we shall find a large number of men, women and children who are working hard for many hours a day—producing cloth from raw cotton. We see here, in concrete shape, the capital expenditure of the mill owner. Raw cotton, machinery, tools, coal, oil, packing—these are essential to the transformation, by these workers, of the raw product into a finished coat.

The capitalist's expenditure in other industries will, on close analysis, resolve itself into:

Iron Industry: Iron ore, flux, depreciation of furnaces and mills, coal and wages.

Farm: Seed, manures, wear and tear of tools and buildings, and wages

Thus shall we find with any and every industry.

It has been seen that the capitalist purchases his raw and incidental materials (his **Constant Capital**). By what means does he pay for this portion of his

produce, and what determines the value?

Here it is that we shall find that the abstract disquisition in the second article upon value was no idle one, but one which had far-reaching results, as then hinted, in the science of political economy.

We saw that the value of an article, coats or guns, ships or plows, is determined by the quantum of social human labor power which is essential to the production of that article. And that is the determinant factor in the value of the various commodities which are necessary to the production of the finished article of our Cotton King. We find, indeed, that his constant capital, represents the quantum of social human labor power which is embodied in the raw and incidental materials. In other words, he pays for his raw cotton, his coal, his oil, and his machinery at their exchangeable value as incarnations of social labor power.

We have reached the point, therefore, when we begin to gain a somewhat clearer view of the process of wealth production known as capitalism. Use-values, or useful commodities, can be produced only as the result of the application of human labor power to land and industrial capital. (By industrial capital I mean tools and machinery). There is no royal road to riches, no easy path which we can take in order to accumulate use-values. These use-values are the production of human labor power, and their value is determined by the quantum of that labor power which is embodied in them.

Our Cotton King is a capitalist. In other words, he has invested his money (or capital in land, in raw cotton, in machinery and in the necessary materials for keeping that machinery working, and he has paid for the raw and incidental materials at their market value. His constant capital represents his expenditure in the realm of cotton production, minus the payment of wages to his cotton operatives.

Those cotton operatives work for him in his mill, and in return for their services they are paid wages. These wages represent the capitalist's variable capital, and it will be in a close analysis of this variable capital that we shall find that cause of the many economic antagonisms which characterize modern society.

H. M. BARTHOLOMEW.

Next Article: Wealth Production—Surplus Value.

ECONOMIC CAUSES OF THE WAR

(Continued from page 2)

and also those in the Far East. Holland may as well surrender her ships and hold on desperately to her neutrality, painful though it may be. Whichever side she takes, she stands to lose."

Java, besides being a great coffee producer, is the fourth oil region in the world.

I think I have shewn the trail of commercialism all through this article, and the Imperialistic aims of the various capitalist governments. If it is worthy of your consideration I will come again pointing out the economic forces at work in the Balkans, Turkey and Spitzbergen—the mining district which was seized by the British, reported October 2nd, 1918.

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