Source of Capitalist Class Profits

According to the Marxian law of vale, all commodities, including the commodity gold, are exchanged at their value, taken over a period of time during which the fluctuations of prices in their rise and fall, cancel each other. How then, the question arises, does Marx account for capitalist profits?

The sale of commodities results in no more than equivalents being exchanged. Therefore we are forced to the conclusion that the increase must result as Marx says: "from the use-value, as such, of the commodity, i.e., in its consumptioin."

In order to extract value from the consumption of a commodity the capitalist must find on the market a commodity whose use-value possesses the peculiar property of being a source of value. Raw materials, machinery, buildings, etc., can only contribute their own value. For instance, a machine costing $1,000, whose life was ten years, would contribute, to the value of the commodities produced, at the rate of $100 per year. Each year the value of the machine would depreciate to that extent.

He does find on the market, however, a commodity in whose consumption there results an increased value, and that is labor-power, i.e., the labor power of the laborer, the cost of production of which, per day, is less than the total values produced during his day's labor.

We shall quote Marx to show what conditions must obtain for labor power to be found on the market as a commodity.

"But in order that our owner of money may be able to find labor power offered for sale as a commodity, various conditions must first be fulfilled. The exchange of commodities of itself implies no other relations of dependence than those which result from its own nature. On this assumption, labor power can appear upon the market as a commodity only if, and so far as, its possessor, the individual whose labor power it is, offers it for sale, or sell it as a commodity. In order that he may be able to do this, he must have it at his disposal, must be the untrammelled owner of his capacity for labor, i.e., of his person. He and the owner of the money meet on the market and deal with each other as on the basis of equal rights, with this difference alone, that one is a buyer, the other a seller; both, therefore, equal in the eyes of the law. The continuance of this relation demands that the owner of the labor power should sell it only for a definite period, for if he were to sell it rump and stump, once for all, he would be selling himself, converting himself from a free man into a slave, from an owner of a commodity into a commodity. He must constantly look upon his labor power as his own property, his own commodity, and this he can only do by placing it at the disposal of the buyer temporarily, for a definite period of time. By this means alone can he avoid renouncing his rights of ownership over it.

"The second essential condition to the owner of money finding labor-power in the market as a commodity in the market is this—that the laborer instead of being in the position to sell commodities in which his labor is incorporated, must be obliged to offer for sale as a commodity that very labor power, which exists only in his living self."

The condition of the laborer being on the labor market with his one and only commodity, labor power, is the result of a historical process. It is the result of the development of the hand tool into the machine, which turned the individual producers of small hand-tool production into the proletariat, dispossessed of tools of production, with only their labor power to sell as a means of existence.

The profits of the capitalist class, or what are known as surplus values, arise from this, that labor power is sold at value. This value being determined by the food, clothing and shelter, etc., necessary for its production, which is a quantity of value less than those produced by the working class during their labors over any definite period, leaving a surplus for the owners of the means of production.

The legal right of the owners of the means of production to the products of industry lays in that ownership, which, in the end, is guaranteed by the State. The workers supply of the products is obtained by purchase out of the proceeds of the sale of their labor power on the labor market, or in other words, wages.

INTERESTING MATTERS BROUGHT OUT AT THE ENQUIRY INTO THE CONDITIONS IN BRITISH COAL MINING INDUSTRY

The very first day of the Commission's sitting brought out revelations which startled the public mind. The financial advisor to the Coal Controller showed that in June, 1918, 2s 6d a ton was added by the Controller to the price of coal in order to help collieries that were working at a loss. When he made this advance, he knew nothing of the position for the first quarter of the year. "The effect of that," commented Sidney Webb, "was that consumers, in the aggregate had to pay £25,000,000, out of which the Coal Controller got £10,000,000, and the exchequer £10,000,000, leaving £5,000,000 in the hands of people who were already doing so well that they had to pay excess profits. You were actual putting money into the pockets of those who did not need it. The wealthiest of the coal-owners were given £5,000,000 because you wanted the poorer of the mines to become a little more solvent." It came out later that the extent of the profits of many colliery companies had been obscured by the capitalization of reserves and other readjustments of capital. The most successful companies were able by these methods and by dividends which were in reality larger than they appeared to return to their shareholders every few years the whole of the share capital originally subscribed by them, while the undistributed reserves are still so considerable that the present market value of the shares is several times their nominal value. For ten years ending with 1918, a South Wales company had paid dividends equivalent to about 243 per cent. on the increased capital, or over 300 per cent. on the actual capital. . . .

. . . Again and again Robert Smillie compelled an unwilling mine owners' representative to speak on such matters as the present housing conditions, with their appalling consequences to the health of the men and their families. A Scottish coal-owner had to admit that one of his companies whose ordinary shareholders had received dividends of 197½ per cent. in ten years, had over a hundred houses with only one room. His excuse was that it was impossible to build new houses while the war was on. When the subject of baths was introduced, it was alleged that the miners would not use them when they were provided. . . . And so the enquiry laid bare one sore place after another in the existing system. . . It was the stripping off of rag after rag of the meretricious raiment by which the nation covers up its shame. . . . If landlords, farmers, provision merchants and all the other trades concerned in the supply and distribution of food were compelled to declare and justify their gains we should indeed have some piquant and wholesome revelations.—(The above is extracted from an article in the New York "Nation" of April 12, by Herbert W. Horwill.)

Clippings From the Press

SPAIN

Methods of Dealing With Strikers in Spain

The strikers followed the method of calling out new industries on each day of the continuance of the strike.

The government first proclaimed martial law, occupied the streets with troops, and then proceeded to mobilize the strikers. But at least 40 per cent. of those mobilized refused to appear and the conflict ended in a signal victory for the men.

GREAT BRITAIN

Who Said Atrocities?

A. Fenner Brockway, late editor of the British "Labour Leader," organ of the I. L. P., who is imprisoned as a conscientious objector, has been on bread and water for three months until his health was affected. For eight months he has been kept in the strict solitary confinement, only being allowed out of his cell for forty minutes each day, when he is given "exercise" alone in a small enclosed yard. He is not allowed any library books, nor is he allowed any book of his own except an Esperanto New Testament. He is not, of course, allowed writing matreials or paper. He is not allowed to write or receive letters or have any visits. He is not even allowed to attend the prison chapel.

JUGO-SLAVIA

Those Jugo-Slavs for whom we fought seem to have some Socialists among them. A meeting at Laibach of the South Slav Social Democratic Party has passed the following ungrateful hesolution:

"All these decisions of the Council of Ten, who are representative of world militarism, are null and absolutely not binding."

The Social Democrats are striving for a peace satisfying all the peoples of Europe and, uniting the proletariat of Europe. Such a solution of the European problem could be brought about only by a revolution of the world proletariat.—"Labor Leader," March 27.

RECRUITING IN FRANCE TO FIGHT THE BOLSHEVIKI

In spite of the bankrupt condition of the country recruiting is still going on for service in the "Russian Sanitary Cordon" among the French troops, who are being promised five francs a day and other advantages if they will fight the Bolsheviks, according to "L'Humanite," which bitterly remarks, "they got one franc a day for defending their native land."

IRELAND

The Irish Transport and General Workers' Union now embraces a multitude of trades. Its numbers are steadily growing and it forms the most important element of the militant Irish Trade Union Congress and Labor Party.

DETERMINE MILITARY ARRANGEMENTS

The headquarters of the Norwegian Soldiers' Councils (says the Gothenburg "Post") recently issued a manifesto to those liable to military service exhorting them to organize themselves and demand the right to determine the military arrangements and conditions at the camps and the transference of authority from the officers to the soldiers. Then, says the manifesto, the way will not be long to revolution and Socialism.