

# By What Means Is the Price of a Commodity Determined?

The Editor,

"The Indicator," City.

Dear sir:—Being convinced that the Marxian Theory of regulation of commodity prices is at least a little antiquated, I submit the enclosed effort for your consideration, you have my permission to publish the enclosed in part or in whole as you see fit, Yours truly

Le B. P. MILES.

**C**OST, plus a percentage is the usual way of arriving at the price of manufactured commodities—with the manufacturer immediately forced to find a market or a demand. Failing to find a demand, he creates one. Or, accepting that the demand was there—he stimulates it. This is done through an aggressive selling organization, advertising, propaganda, or some other such means. He might even start a war.

Now this finding a market costs money and is a charge against cost. All manufacturers are forced, through competition, to adopt this method of disposing of commodities; hence, the greater the production, the more the commodity costs. The greater the over-production, the greater the cost, which is a larger factor in the high cost of living today than supply and demand. The more we over-produce and the more competitive the production, and all production is competitive for cash, which is a relatively constant factor, the higher will be the price to the consumer. In other words, the greater the supply, and the less the demand, the greater the cost. This reasoning does not agree with Marx very well, nor does it consider that commodities in huge quantities are sometimes dumped on the market through the failure of manufacturers to find a market. The consumer rarely gets the benefit from such a calamity in this day of mergers and subsidiary companies but just keeps on paying prices that are higher than the Law of Supply and Demand would, unhampered, enforce.

Supply and Demand only govern in first instances, and when a trade is established under competitive conditions, then other factors as strong and in many cases stronger interfere and absolutely govern prices.

Take for instance, the basic industry of Canada, wheat production. Price governed by an Order-in-Council, as we are. No doubt but that some clever government statistician arrived at a cost of production of wheat. But something had to be added to keep the farmers quiet and to keep them voting right. Wheat, during the American Civil War, sold, on the open market, at as high as \$4.50 per bushel, but it didn't in the 1914-18 period. Even in normal times, wheat in common with other raw materials, is very much manipulated.

In fact, the capitalist gambles in raw materials and natural resources, the consumer pays the losses and the capitalist pockets the winnings. Wheat is bought on the basis of chance. The buyer attempts to discount manipulation and conditions relative to the disposal of wheat at a certain time at a certain destination. Completing this, he has sold. This experience is educating, and continued, makes him more proficient in correctly reading the "Signs of the Times." He can

afford a loss and at times does lose. The fact that we are human accounts for the manipulation, we don't all think alike. True that the world's visible supply is a constant factor in these manipulations, but the crop of manipulators grows with the wheat and must be given more consideration than the wheat itself. Such commodities as wheat are out of the producers hands in three months; the supply from other countries help to stabilize the manipulations. With commodities that are being put on the market constantly as by manufacture this manipulation is not so prevalent nor so barefaced. In fact, its a crime. It's profiteering.

Labor-power, as a commodity, is not governed in prices by the Law of Supply and Demand, but by its ability to establish a power sufficient to force buyers to pay more than "the cost of a laborer and his maintenance as a laborer." The capitalist wants him to receive something more than this for the protection of his own property from pillage and theft. But he is also governed in this by cost of production and competition with their accompanying difficulty of sale.

And it is the difficulty of sale or over-production that is causing the disgruntlement of the wage-worker today. The capitalist can not stop producing without a loss of profits, and that is what he produces for—profits. It would be a calamity if all production stopped. Many people would starve. But the more money capital pays labor, the more it gets from its production, provided its selling basis remains as favorable. The extra money paid for labor-power is charged to cost and paid by the consumer. But the capitalist will always be against increasing his cost of production, not only because of increased difficulty of sale, but also because he can more profitably invest his capital, and usually right in his own business. Take any exceptions to this,—Henry Ford, Detroit, for instance. You will find here an established business that almost of its own volition granted substantial increases in wages to employees. They had first established the fact that there was a natural demand for their production, which was at that time unique in its line in many ways, particularly cheapness. Quantity production was essential to the life of the firm, that is, to meet the demand in sufficient quantity to curb competition. Here are two points not usual in business, quantity production and demand. Where ever we hear of "natural" increases in earnings of labor, these two factors will be found to have arisen. Conditions of war time production will bear me out in this, particularly in war essentials.

Commodity prices are influenced greatly by each other. Munition workers relatively high wages help to get high wages in similar lines, to hold the men—here we have supply effected and perhaps the demand impaired, but still a management must meet this condition and overcome it to survive as a producer.—[The writer of the article desired this paragraph eliminated as weak. We decided to let it stand as worth considering.—Edit.]

Take leather, for instance, raw

cow hides are not relatively higher in price to finished commodities produced from them. Ordinary cow hide boots are relatively costly today, both to raw cow hides and to similar boots four years ago. But fine imported stocks of calf and kid are very high and cow hide boots go up in sympathy and for no other reason. If a man will pay a high price for a fine shoe, which eventually he uses as a working shoe, he is sort of educated to wearing a high-priced working shoe. Consequently he pays more for his cow hide working boot. During the war we produced more cow hides and leather than prior to 1914, but even after a year of dislocation of business in war orders with its consequent lack of demand, high prices, excessive prices, in shoes prevail. The psychology of the cow hide boot teaches us another lesson. If we are educated to wear expensive shoes we will wear expensive neck ties; \$2.00 is nothing for a piece of silk to go around our neck, when we have got \$7.50 on each foot. And yet there are as many silk worms in China now as ever and in our market more cow hides.

This line of argument is applicable to every commodity for individual use, food included. The highest-priced dishes in the restaurants are the dishes that are first sold out. The best theater tickets are the first sold. The public is educated to buy these things. No doubt the war effected prices, effected supply,—production from the war zone, dyes medicines, lace, linen, sugar, etc. These would reflect advances in price from the natural cause, but tobacco, booze, theater tickets, wearing apparel, etc., have enhanced in value in "sympathy."

Naturally, when the real governing price with individual traders, the world over, is the highest price obtainable having in view the "signs of the times,"—(discounting future world conditions) which in the market is typified by forced sale and the stimulating of natural demand, we have somebody always 'rocking the boat' of Supply and Demand with the period of 'even keel' quickly passed and the "moments of inertia" of longest duration.

Le B. P. MILES.

## The Triple Political Alliance

[By F. S. F.]

**T**HE above-named alliance is an organization springing out of the 1919 convention of the Washington State Federation of Labor.

There, representatives of the Farmer's Grange, the Railwaymen's Welfare League, met with State Federation of Labor officials and launched this strange phenomenon by the above title, at the same time carefully informing us that it is NOT a "new political party." So the statement of objects tells us. Far from it: rather "it is an organization to assemble the voting strength of the **producing class** for the best interests of **all** the people of the State of Washington." (Extract from the plan of organization.) Keep that in mind while we delve into this new plan.

We are told that the legislative bodies in this state are at present practically controlled by **two per cent. of the population**. This two per cent. is largely composed of members of the various Chambers of Commerce, Employers' Associations, and so on. In short, they are capitalists. Here we have an admission of conflicting material interests. The capitalist class, through their legislative agents, enact laws in their own interest, but detrimental to the interests of the 98 per cent., who compose the producers.

Now, the reasoning of logic dictates that, this being thus, the 98 per cent., or the producers, should form an alliance in line with their interests, and by virtue of their numerical strength and organization, attempt to deprive the 2 per cent. of the population. True, this would involve Federal interference at once, but the Big Issue, thus placed before the whole people of the United States, would provoke immediate and momentous consequences for the capitalist class.

Such a degree of organized intelligence, however, is not yet in sight.

Further, no matter how some alleged Socialists may "kid" them-

selves, and others, that they are on the right road, by joining hands with these new saviours, they cannot explain away that damning piece of evidence, that give-away word, "ALL the people." If the interests of the two per cent. are to be safeguarded, then by so much are the interests of 98 per cent. neglected. If the 98 per cent. are the producers, then the two per cent. are non-producers. Producers are useful citizens, non-producers are useless nuisances.

For any organization representing the producers, to proclaim to all and sundry that they are going to work for the best interests of the useless parasites, would be deemed arrant folly. But, when they announce that they will do that, and at the same time protect the **best interests** of the producers, which interests are fundamentally opposed to the interests of the two per cent., then what shall we say? What are we in charity's name to call these blind leaders of the blind? Let us say they are ignorant wind-peddlers, and let it go at that.

We are told that this new party that is "not a party," is meeting with bitter opposition from the two per cent. Hence, some would argue, the alliance is all right. We would respectfully ask these people, "Did they ever see a hog willingly get out of the trough?"

Daniel De Leon once pithily put it, "that a tiger would fight as hard for the tip of his mustache as for the protection of his whole body."

And so will the brutal robber class. But, so be it, through this reform morass will the Washingtonians doubtless go. Time and economic conditions will force a revolutionary program upon them.

But 'twere a betrayal of all we Socialists ever fought for to link hands with such a visionary conglomeration. We must decline to insult our intellect and be straight with ourselves in our real work of educating the workers to the need of Social Revolution.