

The Term "Wealth" as Used in the Science of Economics

"LABOR produces all Wealth." So runs the familiar formula. There are many people, however, who are of opinion that this statement is incorrect and that it should read: "Labor, applied to natural resources, produces all wealth. Now this, of course, supplies additional information but the addition interferes with the simple directness of a statement which, without it, is correct as it stands. It will be observed that the verb "to produce" means a bringing forth from already existing material and does not imply creation. If I were to say that labor creates all wealth, I should be guilty of a misstatement, for the simple reason that man can not create either matter or energy. He can only bring about changes in form or location.

Suppose we turn the phrase round so that it reads: All wealth is produced by labor. You will observe that we say "all" wealth. This clearly limits the meaning of the word "wealth" to those objects that are produced by labor. Now, the word "wealth" is derived from the Anglo-Saxon word "weal" and is a collective word applied to all those things that contribute to health, happiness and well-being. Words, such as this, which have in general use a very wide significance, are generally productive of considerable confusion when imported into any science such as political economy. This is because, for the sake of scientific precision, it is found necessary to limit the meaning of such words to one thing or group of things. We are committed, by the phrase we have been considering, to definition of wealth as consisting of the aggregate of those objects or things which have been produced by labor and are either necessary, useful or agreeable to man.

This definition, it will be seen, excludes many things commonly referred to as "natural wealth," such as mineral deposits and virgin land or forests,

as well as many other things of the same nature, not generally considered in this connection at all, for instance, the air, the light and heat of the sun and the natural forces. These things constitute what we may call the constant factor in production and are provided spontaneously and freely by nature; in recent economic language they are called free goods, as distinguished from economic goods, which form the substance of wealth, and only become the material for economic science when they become subject matter for human labor and thus a factor in production.

Inasmuch as wealth is generally reckoned in terms of money this latter appears to many people to be the sole form of wealth. The money-commodity itself, of course, is wealth, but notes and bills are not, being merely devices for exchange. Nor are mortgages, stocks, shares and bonds. These latter are only claims upon wealth and their creation or extinction does not affect in any way the existing quantity of goods. On the other hand, the term wealth includes not only material objects but other things not so tangible, such as electrical and mechanical power, labor-power and personal services of one kind and another. These things are the product of labor, are useful and are bought and sold as such. The term wealth also includes many things that, from an ethical point of view, might not, by some, be considered either useful or desirable, for instance, beer, cigarettes, diamond tiaras or patent medicine. John Ruskin, for example, approaching this subject from a sentimental point of view, would class as wealth only those things which can be shown to be conducive to the health, happiness and well-being of humanity on the highest ethical and moral grounds. He would, therefore, include food, clothing and housing of a wholesome and substantial kind, good music, books and pictures; sunshine, flowers and scenery. I sup-

pose one might reasonably include the grace of God. On the other hand, he would exclude all such things as adulterated and shoddy goods, jazz music, chromo-lithographs and paper-bound books, classing these as "filth." Now, I find myself heartily in sympathy with the sentiment here expressed. Political economy, however, is not concerned with that aspect of the question. It is, no doubt, quite proper to draw such moral lessons as we find proper from our conclusions but the investigation itself must be conducted in a manner free from prejudice.

Adam Smith defines wealth as the annual produce of land and labor. J. S. Mill emphasizes this important point: that the bulk of wealth is produced annually. This, of course, it must be, seeing that it is consumed at practically the same rate. Even constant capital only subsists by perpetual reproduction. This point of view appears to me to be of peculiar importance. We see that the wealth of the world consists of a stream of products brought into being by the collective effort of the producing class. The individual members of society appropriate and consume such shares of this stream as they can secure by virtue of the legal claims they may possess under the prevailing system of ownership. It is thus possible to express wealth in terms of income distributed as rent, interest, profit and wages. This view, I admit, is not strictly accurate but is true of an increasingly large proportion of the wealth of modern society.

GEORDIE.

Erratum: In last week's issue, (Aug. 23.) the article on Exchange by "Geordie," contains a typographical error. In the classification of paper money (No. 2) Fiduciary should be spelt Fiduciary. (Dictionary gives it, Lat. fiduciarius, from fiducia—confidence, trust.

THE LAST PEACE OFFERS OF THE BOLSHEVIKS.

(Continued From Page Five)

hope of crushing Russia, the invitation was never sent."

The Eleven Conditions of Peace.

"Here are the principal clauses of the treaty:

"An armistice to be declared on all Russian fronts, while the delegates discussed the following conditions:

- (1) All Governments constituted on the territory of the ex-empire will continue only till the people concerned decide on which Government they wish.
- (2) Neither of these Governments to attempt hostilities against another.
- (3) Raising of the blockade.
- (4) Commercial relations to be resumed.
- (5) All products already in Russia, and any which may come, to be accessible to all classes without any distinction whatsoever.
- (6) All the Governments to grant a complete amnesty to their political adversaries, soldiers included.
- (7) Allied troops to evacuate Russia.
- (8) Simultaneous reduction to a peace footing of both Soviet and anti-Soviet armies.
- (9) All Russian Governments to recognize the debts of the ex-empire.
- (10) Freedom of residence and liberty to travel to be accorded to all Russians on the full extent of Russian territory.
- (11) Prisoners of war to be repatriated.

"England and the United States are to guarantee the observance of these conditions by France:

"Even though the Red Army was then on the point of capturing Odessa, the Crimea and the region of the Don, the Soviet Government was ready to accept these conditions, ready to accept the status quo, in the certain hope that the inhabitants of those parts of Russia not already under the system of Soviets will be ready, sooner or later, to overthrow their reactionary Governments."

The radio closed by saying:

"The publication of these proposals proves once again the hypocrisy of the Allied Governments, and exposes their lies when they said that the Soviet Government had refused to cease hostilities. The duplicity of the Allied Governments can have only one result—to close up our ranks more solidly than ever, to fight the alliance of great and little Imperialists, who wish once more to enslave the peasants and workers of Russia."

Humanite, July 8.

THE AMENDED IMMIGRATION ACT

The New Jurisprudence.

If the law as laid down by the judges is sound, which there seems to be no reason to doubt, then the legislature has prescribed certain acts and opinions and created a method of dealing with them with which the old established law of the country has nothing to do, and can have nothing to do. Trial by jury and proof in a court of record according to the rules of evidence, are dispensed with. An accused person can be subjected to an inquisitorial examination and compelled to exonerate himself or be convicted if he fails to do so.

The holding of opinions subversive of constituted authority and membership in societies alleged to hold such opinions as articles of association are among the most prominent reasons for the invocation of this law.

The classes of person directly affected by the

law are aliens and British subjects not born in Canada. Very easily by the use of another statute all naturalized citizens can be brought under its operation.

The penalty is deportation.

This principle of legislation was introduced to prevent questionable citizens of other countries from coming into Canada and for catching such if they slipped in and sending them back. It has since been extended as to the individuals it covers and the character of the offences it deals with, for the purpose of getting rid of obnoxious trade union officials and labor agitators.

There is no apparent limit to the period of detention without even examination before a board.

Opinion is divided as to the future development of this experiment in legislation which is new in the British Empire at least. Some think that it is hardly dangerous, and may lead to a complete subversion of liberty. Others on the contrary, consider that law and order are in such grave danger just now that this legislation, if anything, requires extension and strengthening. A great many are chary of expressing any opinion as they fear that to do so might bring them under the provisions of the statute and lead to personal discomfort. Most, however, think that the law will be largely a dead letter and that most accused persons will be accorded the favor of a legal trial. A few say to let it alone, the law will be a handy weapon when they get into power. This puts them on the same level of citizenship as the men who secured the passage of the law.

The arrested Russians before the Immigration Board in Vancouver are being defended by Bird, Macdonald and Earle. Send your contributions to the General Defence Fund.

Propaganda Meeting, Empress Theatre, corner Gore avenue and Hastings street, Sunday, 8 p.m. Doors open at 7:30 p.m.