

Profiteering

IN these days, the profiteer receives attention altogether beyond his deserts. Profiteering is not, alas, a new thing, nor is the prosperity thereof. It has had existence since slavery became an established social institution, and the emoluments of the "trade" have varied in proportion to social progress in production.

Nevertheless, profiteering (in its usual acceptation), a retention by the individual of an excessive share of the social production, is a feature inherent in Capital and the profiteer a natural result of capitalist development. This excessive share accumulates to particular individuals or groups entirely because of the economic setting of our social system, and it is for this reason that pinched indignation, moral platitudes and ideal negations avail nothing against this, or any other social evil.

In handicraft society, with simple tools and a small scale of production, the demands of society itself absorbed nearly the total production. The simple tools and crude methods prevented any great surplus, and trade and commerce were not the necessities they have now become, but catered mainly to the luxury of the few. And the crude production with its limited surplus equalized wealth distribution, preventing the extreme poverty we see today, and prevented also its opposite extreme, the automatic aggregation of monopoly wealth. The ruling-class of the time was a land-owning class with social distinctions based accordingly, hence, although there were vast differences of social rank there were no such marked discrepancies in social wellbeing.

Still, although surplus was limited it existed, and its existence brought forth a trading class whose interests were markets, and markets became, ultimately, the prime business of this class. Gradually the market extended, production assumed a commodity character, rivalry induced keener competition, commerce rose to greater proportions and to greater importance in the social life. The creative genius in man was aroused to new effort in other spheres than art and religion. Mechanical discoveries advanced production; steam and high-power machinery completed the transformation of society and exchanged the aristocracy of birth for the parvenues of money. Political control changed from land to industry, and the lusty, stolid, tradition-minded and (in the main) wholesomely-fed agricultural laborer, changed for the physically weaker but intellectually keener machine-bred, precariously-nurtured, industrial proletariat.

But the machinery that creates and continually augments the proletariat, creates and continually augments surplus. The increase of the proletariat decreases its social value in production, while increased production of social necessities lessens the cost of producing labor-power. Cheapening production increases the mass of commodities and the volume of trade, and the increased productivity of labor increases the disproportion of relative wages. Therefore, the workers receive a continually diminishing share of their products, and the capitalist class a continually rising surplus. As surplus is potential profit, increased surplus is class profiteering. In commercial circles, among labor-fakirs and in the prostitute press this profiteering is called (euphoniously) "good business," "legitimate profits," and "the best interests of the community," respectively.

To realise profit, surplus must be sold. And obviously, because it is surplus—beyond the place of its production. This is where commerce comes in. All countries are now practically capitalized, i.e., commodity producers. The capitalist-class owns the natural resources of the world, production is carried on under the terms of that ownership, and because of that ownership labor must be exploited,

which means that capital must be augmented. The exploiters—the capitalist-class—exchange the product of this exploitation among themselves.

In abnormal times such as war or a dearth in one or other country—an excessive demand for certain commodities is suddenly developed. The industry that happens to be engaged in the line of demand experiences what the capitalist calls "an opportunity for expansion." That is to say, the sudden demand, in effect, eliminates competition and creates a monopolistic market whereby the owners of the industry, either by a higher price or by increased volume of trade or both, pile up the figures or (cyphers which "business" calls wealth) on their ledgers.

During the late war, when the extremity of the capitalist was great, enactments against profiteering came forth from the state jesters. These enactments resulted in the prosecution of petty trades people for retail overcharging, leaving "big business"—the real profiteer, as it was. This was so of necessity, partly because "big business" is the supreme political control, and mainly because economic law is subject only to its own necessity, not to class legislation.

And world finance reaps the benefit, so long as the social forces can expand under the inertia of capitalist restraint.

Profiteering is one of the inevitable results of capital. Capitalist society is based on profit, develops on profit and responds only to the stimulus of profit. And profit can be realized only by market expansion. But every new market becomes a new rival for the world market, thereby increasing competition, intensifying production and centralizing capital into fewer hands. Hence, dispossession and destitution grow to vaster proportions on one side, vaster possession and increasing profit on the other.

It is a development as natural and sequential as the growth of plants from seeds, and in the social ownership of the means of wealth production lies the sole remedy.

R.

Taxes

The following article has been resurrected from the editorial drawer, where it has been for some two years. It would hardly be recognized in its present form by its author, because while it dealt at the time it was written with an Editorial in the Vancouver "Province," dealing with the taxation of the returned soldier, and had also some comment upon matters current at that time, we have presented it apart from such matters, but with the main body of the argument remaining intact.—Ed.

THE vast majority of the men who composed the armies engaged in Europe are members of the working-class. In peacetime they obtain the necessaries of life by the only method open to them. They work for wages. This the "Province" editor cannot deny.

"But," he and his ilk will say, "the workers pay taxes nevertheless. When they post a letter they pay taxes in postage; when they buy an imported article they pay taxes through import duties; taxes are incorporated in their rent, as the landlord must get back the taxes he himself has to pay, from his tenant."

The Poll-tax, the Theatre-tax, and many other catch-penny devices will be quoted in support of the contention that the workers pay taxes. These contentions are very plausible, and to the worker who has made no investigation of even primary economics, will surely appear to be conclusive evidence that he himself pays taxes. But directly

the whole position of the working-class is analysed, and the mere surface appearance of things is penetrated, a totally different state of affairs becomes evident.

In the first place, those who earn their living through working for wages are really in the position of persons selling something. The energy contained within them, mental and physical, is what they sell to the employer, who buys it. This energy has a price, which, like all prices, goes up and down in accordance with the law of supply and demand.

The mere fact that it has a price, and that it follows the law of supply and demand when it enters into the relationship of exchange with other commodities and is commensurable with them, proves that it is a commodity. This commodity, in the terms of economics, is called "labor-power." On the average, commodities are exchanged, bought and sold, at their value. This value is quite distinct from the intrinsic value which man's products always have had; it is quite apart from their value in use, or, in the terms again of the economist, "Use-value."

Value is but a relationship existing between the products of man's labor, and it varies only insofar as the proportion between the labor contained in one commodity and that in another varies.

When the employer goes to the labor market, he pays for labor-power not one cent more than he has to. Some kinds of labor-power may be more expensive to him than others, but for all that, the particular worker that Mr. Moneybags wishes to hire gets no more than the market compels him to pay. On the other hand, the workers, when they see competition among themselves slacken off somewhat, endeavour to take advantage of that condition by selling their labor-power for as high a price as possible.

The standard of living plays a very important part in determining how low the workers are able to put the price of their labor-power, both when competition for jobs is acute and when it is not so. On the one hand, the bare necessities of life without which they would suffer starvation or exposure from the irreducible minimum, and on the other hand the general traditions of their class in which are incorporated the things usually eaten, the clothes usually worn, the nature of the dwelling-house, together with all the other factors attendant on the life of the average working-man, serve as a standard from which they reason, and which, taken together over a period of time and in a given country, may be called the standard of living of the workers in that country.

And with all these considerations involved, and taking into consideration the effects of the law of supply and demand, the worker receives on the average no more and no less than the value of his labor-power. This, represented in wages, and consumed as food, clothing and shelter, leaves the worker no richer in possessions than when he started, and altogether precludes the possibility of his being taxed at any time, in reality.

Taxes are imposed by any government for the purpose of maintaining the state. One insurmountable difficulty prevents it from taxing the working-class in any country—they have no property. Such produce of their own labor as is unconsumed by themselves is left in the hands of the master-class, whose property it is. This wealth that the workers produce but do not own is the only fund from which taxes may be extracted.

But in one sense, the tax that the working-class do pay is a tax of time and labor, of blood and sweat. In this sense they pay the tax that every slave class has paid. They pay everything over and above that which is necessary to their continued existence as efficient slaves, producing goods for sale at a profit for another class.