

THE EXPERTS' REPORT.

(Continued from page 5)

be carried out, when it is remembered that the railways are to come under the control of a body responsible to the Reparations Commission, while the Bank of Issue, with its nominees of the banking trust controlling it, can bring the government to its knees and make it dismiss its employees by simply stopping the payment of salaries.

Speaking generally the effect of the Report will be to make Germany an area for the investment of bank capital. It will give to that bank capital a security which may be of the utmost value to it in stabilising its position internationally. If the "Big Five" in England decide that the hours of labour of the British worker ought to be lowered and the rate of his wages is too high, it is possible for them to stop the industries in the Black country, Lancashire, Yorkshire, South Wales and Lanarkshire by the simple process of calling in the credits which they have advanced in recent years to these industrial concerns. They can then employ their capital in buying up the mortgages on German industry and German railway debentures, which this Experts' settlement of the reparation question lays down at their feet. And when the British workers agree to accept the long hours and low pay of the German workers, then this international passive bank capital may consent to dump down its investment in Germany and graciously permit the wheels of industry in England to run round once more. This is no idle dream, but grim earnest. We had a taste of it in the preparations which led up to "Black Friday."

Germany is becoming what Marxist writers would call a colonial area. But it is not a colony in the sense that India and large parts of Asia and Africa have been to the industrial capital of the last hundred years. When Rosa Luxemburg wrote her *Accumulation of Capital*, she described the operation since its earliest growth of industrial construction capital in the primitive communities of areas where as yet no capitalism existed. She showed how the early mercantile accumulations were derived from trade in articles of consumption, how this was exported later in construction goods, like railways, harbours, etc., from the land of accumulation and broke down the primitive self-sufficient social systems of these colonial areas. But Germany is not a colony in this sense. Here is a country with highly skilled artisans, with a highly developed industrial capitalism which has arisen alongside of agrarian privileges on the land in Prussia, but which has swept this away and consolidated its power by the war and by post-war inflation. Rosa Luxemburg and Marx did not live to see this new stage of capitalist development which, it seems to me, we are entering today. In this stage speculative industrial capital is being pressed out by the bondholder and the highly industrial lands, in which the coal and steel kings dominated, are going to be invaded by the investments of the passive capitalist, bondholder and banker. In this sense Germany is becoming a new colonial area and not in the sense in which Luxemburg used that term in her day. But this contains also a warning for the Labour movement. We must not underestimate the power of this passive capital which has ruled jointly with industrial capital in England and America for some decades past and which is now stretching its tentacles across to Central Europe, where it has never had real monopoly powers before. It is strong, it is young and it has the whole machinery of the State in England, America and France at its back. It may be that we shall see several decades of its rule yet.

What then should be our tactics in face of this situation? The greatest peril seems to me to be that the Labour movement in this country should make this Report its own and innocently help this international banking oligarchy to get into power on the ruins of half the industries of Europe and at the expense of an enslaved working class. For this enslavement may come not in the way that the enslavement of the Red Indians and negroes to mercantile and industrial capital came, i.e., by massacres and burnings, but by sheer exhaustion of the masses and their readiness to accept anything rather than die

of hunger. At the same time we must realise that we may have to see this Report put into execution owing to the relative strength of the classes throughout Europe not being in our favour at the present time. It is our business to see that the Labour Government, while being forced to accept it, does so under protest, just as Lenin accepted the conditions of the Brest-Litovsk Treaty, being unable to summon up the strength in Russia to resist them. If these tactics are adopted, the movement does not become compromised and it can reopen the question again whenever the relative strength of class forces is more in our favour. Furthermore, it is possible to see in the Report several points which may be used for our own purposes. The German Socialists have for years been demanding a State mortgage on industry in favour of the German Treasury. There is the kernel of this highly revolutionary measure in the Experts' Report. We might accept it on condition that the mortgage is made in favour of the German State, and any revenues paid out on reparations account from this source should come through the German Treasury. Then there is sound advice given to the German government about raising death duties and income tax. Let us demand that the balancing of the German Budget be made from this source in the main. Let the advice be turned into demands and this will assist the German Socialists in their struggle. It is ridiculous to pretend that the Report must be accepted without any alteration, when the Report leaves several points in connection with the balancing of the Budget undecided, throws out only suggestions and advice there. The general principle may well be accepted even for a Socialist Commonwealth that the public revenues should balance the expenditures. It is to the method by which this is to be carried out that we must object with all emphasis and if we do this, we shall save the Labour movement from becoming the handmaid of one set of capitalists in its struggle against another. We should, in fact, if we study history from the Marxian perspective, utilise the struggle within the capitalist ranks to our advantage.

FACTORS IN DEMAND.

THE demand for any commodity or other article of commerce depends, first, upon its use-value, since it is clear that no one would willingly pay for something which had no utility, real or imaginary, for him. It may be necessary to note here that the above statement implies that the word "demand" as here used means what Adam Smith called "effective demand," that is to say, that the desire to possess must be accompanied by the ability to pay. Secondly, upon a number of considerations such as the state of the industrial arts and of efficiency in production; the standard of living and the greater or less diffusion of wealth. All of them, since they affect the ability to pay of the purchasers, may be summed up under the head of general purchasing power. The demand for any commodity will be greater or less according to the diffusion of wealth in the community. This will vary, however, with the nature of the commodity. Thirdly, the demand will vary with the price. In this last case and, generally, in the other two cases as well, the word "demand" means the quantity demanded. As a matter of fact the intensity of demand can only be estimated in terms of the quantity taken off the market, but if we should find that the quantity purchased at a given price increased then only could we properly say that the demand had increased. Nevertheless, as a general rule, it still remains true that, as Marx puts it, "at a certain price, any kind of commodities may occupy (only) so much room in the market." (*Capital*, vol. III p. 210). It will now be necessary to go more into detail on these three heads. First, as to utility.

When discussing the act of production and the creation of Value it is sufficient to note that only a use-value can be the depositary of Value and that, therefore, use-value need only be considered objectively. The producer is not concerned about the nature of the use-value he makes other than that he must make something people want, something which satisfies "some social want or other." So far as any given use-value is concerned it is an accom-

plishment of physical properties, in a certain form or condition, occupying a place in space and time, that is to say that it possesses elementary, form, place and time utility in the proportions in which these complementary utilities are necessary. On the other hand the demand for a commodity arises from the wants and subsequent desires experienced by people for certain use-values. The word use-value or utility therefore implies a relation between the object of utility and the use thereof. "Use-values become a reality only by use or consumption." (*Capital*, vol. I p. 42). Utility from this angle is a subjective phenomenon. "The use-value," says Marx, "of the individual commodities depends on the particular need which each satisfies." (*Capital*, vol. III p. 745).

You see, the problem here is to make price and utility in some way commensurable. But we cannot do this so long as we regard utility as a purely objective phenomenon since those things which possess the greater utility are precisely the things which have a very low price or no price at all. It can, however, be done when we consider utility from the subjective point of view. We thus get the theory of diminishing utility and, as a consequence, the concept of marginal utility. Taking this particular standpoint then we find that, as Prof. Pierson says, "it is not in virtue of their properties alone that things become goods (use-value), but in virtue of those properties as related to our wants" (*Principles of Economics*, p. 56). But since the use or consumption of an object of utility satisfies the want to which it ministers it is clear that the desire will diminish with the approach of the point of satiety. It is important to notice here that this is only true of a given individual at any given time seeing that wants are recurrent. We want to eat say three times a day but, on the other hand, we do not want a coffee quite so often. We have also to remember that utility in general is a vague and indefinite concept and that when speaking of use-values we must always think of them in terms of quantity—so much of this or that use-value. "When treating of use-values we always assume to be dealing with definite quantities." (*Capital*, vol. I p. 42). It is not a matter of the utility of things in general," says Prof. Pierson, "but of some particular unit; not a question of bread in general but of the number of loaves." Atmospheric air, for instance, being indispensable to life has absolute utility but its marginal utility is nothing at all. We shall next have to consider in more detail the theory of marginal utility which, if not so important as its proponents at one time thought, is still worth some consideration.

This, however, will have to do in the meantime. I find this mosaic work stuff exceedingly laborious. However, lest anyone be disturbed, I may say that I am not going to say that Value, or, for that matter, Exchange Value is determined by Marginal Utility. It's not done any more. The days have gone forever when it was customary to refer any given effect to some antecedent as being its efficient cause and when the verb "to determine" was used more recklessly than it is today. It is probably more convenient to regard any given phenomenon as being the resultant of a multiplicity of factors which form the medium in which it develops, conditioned by all co-existing phenomena and colored by the processes of consciousness. I don't know whether there's anything in that but, such as it is, I make it a present to "C."

GEORDIE.

THE EVOLUTION OF INDUSTRY.

(Continued from page 1)

public families became much more a profit-producing means of investment and any remaining ties which kept lord and retainers or peasant together were parted asunder. It was in every sphere the formative period of capitalism with the capitalist reaching out at every hand.

(To be continued.)

CLARENCE MARSHALL'S FUND.

J. P. Knorr (1), Harry Adams (2), G. E. White (3), 1915. Above, C.M.F. receipts from 1911 to 1914. Total, inclusive, total \$425.

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