

CONCERNING VALUE

THE CONCEPT OF VALUE: ITS HISTORICAL DEVELOPMENT.

BY GEORDIE.

"In the social production which men carry on they enter into definite relations that are indispensable and independent of their will; these relations of production correspond to a definite stage of development of their material powers of production. The sum total of these relations of production constitutes the economic structure of society—the real foundation, on which rise legal and political superstructures and to which correspond definite forms of social consciousness."—Marx, Introduction to the "Critique."

"Every product of labor is, in all states of society, a use-value, but it is only at a definite historical epoch in a society's development that such product becomes a commodity, viz., at the epoch when the labor spent on the production of a useful article becomes expressed as one of the objective qualities of that article, i.e. as its value."

—"Capital," vol. 1, page 71, Kerr ed.

"This division of a product into a useful thing and a value becomes practically important, only when exchange has acquired such an extension that useful articles are produced for the purpose of being exchanged, and their character as values has therefore to be taken into account beforehand, during production."—"Capital," vol. 1, page 84.

EXCHANGE may be defined as a process in which, by mutual consent, one person transfers goods to another and receives in return some equivalent or what, in the opinion of the parties to the exchange, constitutes an equivalent.

It is important to note that the act takes place by mutual consent and that the word "person" may stand for a primitive commune, a natural person, or a legal corporation.

There is evidence to show that mankind throughout the historical period, and even in pre-historic times, has practised exchange, probably at first in the form of reciprocal gifts, later as barter and finally in the complex manner in which it takes place today. The act of exchange is not, therefore, peculiar to capitalism. It is, however, typical of that system or rather, I should say, essential to that system. In former states of society the act of exchange was something accidental, even when habitual, something outside of the ordinary, normal way of making a living of those peoples. On the other hand the capitalist system cannot be thought of apart from exchange—from sale and purchase; the whole population is engaged in buying and selling; the whole social product is produced for sale, and the whole social income—wages, rent, interest and profit—is distributed through the mechanism of exchange. In this progression which is sometimes called progress we have, therefore, a historical process in which the self-sustaining unit, whether individual or community, becomes dependent; production for use gives way to production for sale and this again to production for profit, in which the product of labor becomes a commodity and its use-value becomes of secondary importance to its exchange value, and this again is obscured by the price form.

Certain social conditions determine this change. There must have been such a development of the division of labor or, at least, of the division of occupations that the producers can no longer supply their own wants. A condition arises such as someone very neatly puts it, that no one can produce what he uses or use what he produces.

This, however, is not enough, inasmuch as division of labor may exist without exchange of products as in the family of patriarchal or classical times, in the primitive community or in the baronial manor. In these the members of the tribe or family, the slaves and the serfs produced the wealth of those societies which was distributed among their members according to the status they held without the intervention of purchase and sale.

In addition, therefore, to the division of labor it is necessary that the producers be independent of each other except, of course, in respect of such contracts as they may freely enter into. The producer must possess the right of property not only in his person but in his product. That is to say, he has the right to use his time and labor to produce certain goods and to dispose of them. Further, that his right to dispose of them is generally recognized. In short, he possesses the rights of life, liberty, property and contract. These, again, are legal rights,

and are only valid where there is a state, or other authority, strong enough to guarantee them.

By the way, it is probably worth while to notice that, from a legal point of view, what is transferred in the act of exchange is the right of property in the object sold. Wealth has sometimes been defined as consisting of goods which may be owned, that is, which may become objects of property rights. For instance, if I receive a gift or purchase some article I not only possess the thing but I own it, seeing that my possession is socially recognized. On the other hand, if I should steal some object, I have possession of it and may enjoy its use but I do not own it.

Not only, however, must these conditions be present but the production and exchange of commodities must have become general, must have become an integral part of the life process of society before the formulation of the concept of value becomes possible. Marx, speaking of this point, says:

"The secret of the expression of value, namely, that all kinds of labor are equal and equivalent, because, and so far as they are human labor in general, cannot be deciphered, until the notion of human equality has already acquired the fixity of a popular prejudice. This, however, is possible only in a society in which the great mass of the produce of labor takes the form of commodities, in which, consequently, the dominant relation between man and man, is that of owners of commodities."—

"Capital," vol. 1, page 69.

Now these considerations unmistakably point to what has been called the "era of handicraft" as being the "historical epoch," during which the concept of value gradually took form and was finally fixed as the law of value. This period has been so happily described by Veblen that I have no compunction about introducing here a rather lengthy quotation:

"In a passably successful fashion the peoples of Christendom made the transition from a frankly predatory and servile establishment, in the Dark Ages, to a settled, quasi-peaceable situation resting on fairly secure property rights, chiefly in land, by the close of the Middle Ages. This transition was accompanied by a growth of handicraft, itinerant merchandising and industrial towns, so massive as to outlive and displace the feudal system under whose tutelage it took its rise, and of so marked a technological character as to have passed into history as the 'era of handicraft.' Technologically, this era is marked by an ever-advancing growth of craftsmanship; until it passes over into the regime of the machine industry when its technology had finally outgrown those limitations of handicraft and petty trade that gave it its character as a distinct phase of economic history. In its beginning the handicraft system was made up of impecunious craftsmen, working in severalty and working for a livelihood, and the rules of the craft-guilds that presently took shape and exercised control were drawn on that principle."—Veblen, "The Instinct of Workmanship," p. 231.

We started out with the assumption that man's material conditions determined his consciousness: that "any given phase of collective life induced corresponding habits of thought." We observe, then, that in the handicraft stage of industry the tools used were primitive and simple, that the raw materials were such as lay close to hand, and that the degree of skill and training required in the various occupations would be fairly uniform. For these reasons the basis of exchange could only be a matter of the quantity of labor-time required in the production of the respective commodities, of their labor cost.

Again, the conditions of production and the labor expenditure involved were familiar to all the parties to the exchange. The whole process from start to finish, not only of his own product but that of his fellow townsman was a matter of common knowledge to every citizen. No one would, therefore, part with an article which absorbed so much of his own time for one which he knew had required less

of another's, particularly so, as in the earlier times at least, he would be perfectly able to make the thing himself.

There is the further consideration that production was for a livelihood, that is, while production was for exchange, it was not necessarily for a profit, so that the latter had not to be accounted for. For this reason the cost of production and value would coincide and, as a matter of fact, were not distinguished from each other.

It was under conditions such as those just described that the labor theory of value gradually took shape. It was first clearly stated by Sir William Petty about the year 1662 in a much quoted passage which may be found in a footnote to page 104 of "Capital." He was followed by others (see pages 46 and 59 of "Capital"), and the theory was adopted as an integral part of their system by the classical economists Smith and Ricardo. It finally appears as the law of value in the system of Marx and is stated by him in the following words:

"We see then that that which determines the magnitude of the value of any article is the amount of labor socially necessary, or the labor time socially necessary for its production. . . . The value of a commodity, therefore, varies directly as the quantity, and inversely as the productiveness, of the labor incorporated in it."

—"Capital," vol. 1, pages 46-47.

Here we shall leave the labor theory of value while we proceed to consider another important concept—the law of supply and demand.

By the way, I have not offered any proof of the labor theory of value. It is sufficient for my present purpose if I point out the existence of such a concept and indicate the historical conditions from which it emerged. Come to think of it, this is about the only proof of which such theories are susceptible: namely, that they should agree with the facts at their given time and place.

Another thing, I am perfectly aware that the economic stages in social development never exist in a pure state, and that they overlap both in time and space. This fact does not affect the arguments put forward in this article or in the next to appear.

PLATFORM

Socialist Party of Canada

We, the Socialist Party of Canada affirm our allegiance to, and support of, the principles and programme of the revolutionary working class.

Labor, applied to natural resources, produces all wealth. The present economic system is based upon capitalist ownership of the means of production, consequently, all the products of labor belong to the capitalist class. The capitalist is, therefore, master; the worker a slave.

So long as the capitalist class remains in possession of the reins of government all the powers of the State will be used to protect and defend its property rights in the means of wealth production and its control of the product of labor.

The capitalist system gives to the capitalist an ever-swelling stream of profits, and to the worker, an ever-increasing measure of misery and degradation.

The interest of the working class lies in setting itself free from capitalist exploitation by the abolition of the wage system, under which this exploitation, at the point of production, is cloaked. To accomplish this necessitates the transformation of capitalist property in the means of wealth production into socially controlled economic forces.

The irrepressible conflict of interest between the capitalist and the worker necessarily expresses itself as a struggle for political supremacy. This is the Class Struggle.

Therefore we call upon all workers to organize under the banner of the Socialist Party of Canada, with the object of conquering the political powers for the purpose of setting up and enforcing the economic programme of the working class, as follows:

- 1—The transformation, as rapidly as possible, of capitalist property in the means of wealth production (natural resources, factories, mills, railroads, etc.) into collective means of production.
- 2—The organization and management of industry by the working class.
- 3—The establishment, as speedily as possible, of production for use instead of production for profit.