Economics for Workers

BY PETER T. LECKIE.

(Introduction continued)

MARX never talks of eternity, but of the present capitalistic systems; that is, **production is undertaken for the purpose of profit.**

The producer does not produce for his own use. He does not give a snap for that. His product is absolutely useless to him, and he will just as soon manufacture chewing gum as bibles. Marx tells us that a commodity is, in the first place, an object outside of us, a thing that by its properties satisfies human wants of some sort or another. The nature of such wants, whether, e.g., "they spring from the stomach or from fancy" makes no difference. Neither are we concerned to know how the object satisfies these wants, "whether directly as means of subsistance or indirectly as means of production." A commodity is a product of human labor, with properties to satisfy human desires, but produced for sale and exchange, for the purpose of realizing a surplus value or profit.

As Marx puts it in vol. III., p. 54:

"The capitalist does not produce a commodity on its own account. He is not interested in the tangible product, nor does he care for its use value, nor does he consume it himself. He is only interested in the excess of the value of the product over the value of the capital assimilated in it. He advances the total capital, not merely for reproducing the advanced capital, but rather with the view of producing a surplus in excess of it."

Again, vol. III., p. 28:

"The creation of surplus value is the object of the direct process of production."

And p. 285:

"The capitalist process of production consists essentially in the production of surplus value materialized in the surplus product which is the part of the commodity in which unpaid labor is materialized. It must not be forgotten that the production of surplus value is the immediate purpose and compelling motive of capitalist production. The aim of capitalist production is not to administer to certain wants, but to produce profits."

This reminds me of the Professor dealing with over-production, when he said that there was no social over-production because the social need of Central Europe could consume all our products, but there was not an efficient demand because they could not pay.

I asked him how things were produced for use as he said previously, when this statement was contrary, because there was no profit or payment it was not used, although needed, therefore he must admit it was produced for profit. He answered: "This is a fallacy taught by a certain school.' I asked him why they did not satisfy the social demand when they had the goods? He answered, because they could not pay for them, and yet he maintained things were produced for use!

Now, Marx puts the stamp of commodities on all our social wealth as **things made for sale first, for use incidentally.**

Let us dwell on this thing called a commodity a little longer. The vulgar economists would have us believe a commodity has value in exchange because of its utility. The Professor I have mentioned said exchange value was partly utility and partly scarcity. Yet he pointed out the value of the crop was not of its utility, as during scarcity it might be $1.00 a bushel but when plentiful sold at 75c a bushel, while more bushels had more utility but the abundance lowered its value.

This is a sample of the circle our so-called Professors get entangled in because they are unable to separate price from value.

How different with Marx; he points out a thing can have a use-value and yet have no exchange values, such as the air we breathe, water, and virgin soil. This is the case whenever its utility to man is not due to labor.

'A use value or useful article has exchange value only because human labor in the abstract has been embodied, or materialized in it."—Vol. 1. p. 45.

"A thing can also be useful and the product of human labor, without being a commodity. Whoever produces to satisfy his own wants, creates his own use-values, but not commodities. In order to be commodities he must produce use-values for others. If the thing is useless, the labor contained in it is also useless, and therefore creates no value."

This last sentence seems favoring the utility view, but listen to Marx, vol. I., p. 48:

"Lastly, nothing can have exchange value without being an object of utility."

We saw in his definition of a commodity that it must satisfy some human desire.

Let us follow some of this utility school.

Bernard Shaw says: "The exchange value is found by the utility, not of the most useful, but of the least useful part of the stock." (Called marginal utility).

Jevons says: "Value depends entirely on Utility," (and that value is determined by the final utility of the least useful of the stock of commodities).

Again, he says: "Nothing can have a high purchasing power unless it is highly esteemed in itself," so we find a mixup of esteem and utility.

The Professor I sat under told us the theory of utility had its great law: the law of diminishing utility, which he quoted thus: "The more you have of a particular commodity for consumption, the less you want of an additional quantity for consumption within that given time." He must be a follower of Marshall, who states it thus: "The larger amount of a thing a person has, the less, other things being equal, will be the price he will pay for a little more of it.'

Then my dear Professor illustrates this law with a story of a boy travelling in a long distance train, becoming very hungry. The train stopped at a station with a restaurant. He orders a sandwich. The waiter, seeing the boys great utility for it, charged 25 cents. The boy knew he was overcharged, but his need made him pay up. He ordered another, but refused to pay 25c as its utility to him had diminished; he was not so hungry and got it for 20c. and so on until it fell to normal.

I asked the question: "If we carry your logic to its last analysis, and the boy was so choked full he could not shove another sandwich down, as his utility was now zero, if he orders still another sandwich, would he get it for nothing?

He said, "No, he might drop it to a cent, or its normal price."

Then I asked what was its normal price, and he answered, "Its cost of production." You see then where diminishing utility leads us to. Go into a restaurant and eat four dinners, one after the other, and see what the restaurant man will say if you ask the fourth cheaper because it has the "marginal utility." Here are a few instances in my Professor's talk which contradict his own utility theory. He pointed out how large industries buy raw material, machinery, and power, cheaper than the small manufacturers, and sell cheaper the finished commodities. For instance he took the boot industry as an example.

Now if the larger manufacturer sells his boots cheaper where does the utility theory come in? Are the boots of a large concern not just as useful to the consumer as the boots of the small manufacturer?

When he dealt with Ancient Commerce he showed the most expensive things, such as silk and other luxurious commodities, made commerce worth while. Here again the utility theory is false, as other things had more use-value, such as foodstuffs, etc.

The utility of a loaf of bread is the same today as the first year bread was made, but not so its exchangeability. The improved machinery of the last hundred years have produced an enormous increase in use-values, while their exchange value has fallen. A commidity's use-value can only come into play in its consumption, and disappears, unless it is consumed in production like raw materials, which reappear, unless it is consumed in production like raw material, which reappear in a new form. The use-value forms a basis for commerce, the substance of wealth being realized when commodities are consumed; that does not affect their exchange value; they are the material depositiries of exchange value.

A box of matches is more useful than a bear skin, yet it has less exchange value, so you see utility has nothing to do with exchange value.

The use value of money, however, is in its circulation, and is not consumed, but we will leave money over to the lesson on money.

Marx in his "Critique of Political Economy," says: "A commodity is a use-value, wheat, linen, a diamond or machine, etc., is at the same time not a use-value. If it was a use-value for its owner, i.e., a direct means of satisfying his own wants, then it would not be a commodity. To the owner it is only a means of exchange."

He illustrates this: "The bread in the hands of the baker is the bearer of an economic relation, and bread, e.g., by changing hands from the baker to the consumer does not change its identity as bread, but the consumer is the only one who regards it as a use-value. What the baker receives in exchange may be a use-value and generally is a use-value, to him greater than the use-value of his bread; to the purchaser the bread has more use-value than that which he gave in exchange for the bread.' But, as Marx says, "As mere use-values they are indifferent to each other and are incomensurable. As use-values they can be exchanged only with reference to certain wants. They are exchangeable only as equivalents, and they are equivalents only as equal quantities of materialized labor-time."

The wealth, therefore, of any capitalist country is an accumulation of commodities, and this accumulation is a result of the application of human labor, power to nature.

In 1875 when the German Socialists adopted a programme, the opening sentence which read: "Labor produces all wealth," Marx wrote and said: "Labor is not the source of all wealth. Nature is just as much a source of use-values, and it is of these materials wealth consists as is labor which is itself a manifestation of natural forse . . . . human labor power."

Marx quotes Petty as labor being the father, and the earth the mother of wealth.

He did not forget natural environment; he wrote:

"Aside from the more or less developed conditions of social production, the productivity of labor depends on natural conditions. They are all reducible to the nature of man himself, such as race, etc., his natural surroundings. The outward natural conditions can be divided economically into two great classes: natural wealth in the means of subsistence, such as richness of the soil, fish abounding waters, etc., and natural wealth in the means of production, such as useable waterfalls, navigable rivers, woods, metal, coal, etc. In a primitive community the first class of natural wealth is most important; on a higher plane of civilization the second class is the most important."

Next Lesson: "Capital."

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