

Concerning Value

Article No. 1.—The Necessity of Right Conception

It was Karl Marx and Frederick Engels who first gave to the world the sociological law of economic determinism in this classical statement:

"In every historical epoch, the prevailing mode of economic production and exchange, and the social organization necessarily following from it, form the basis upon which is built up, and from which alone can be explained, the political and intellectual history of that epoch; that consequently the whole history of mankind (since the dissolution of primitive tribal society, holding land in common ownership) has been the history of class struggles, contests between exploiting and exploited, ruling and oppressed classes... that the history of these class struggles forms a series of evolution in which, now-a-days a stage has been reached where the exploited and the oppressed class—the proletariat—cannot attain its emancipation from the sway of the exploiting and ruling class—the bourgeoisie—without, at the same time, and once and for all, emancipating society at large from all exploitation, oppression, class-distinction and class struggles."

The study of history in the light of economic determinism displaced the old presentation of certain events in the lives of conspicuous personalities, such as kings and potentates, celebrating their political successes, recording their wars, and making all possible of their pomp and trappings of State. The facts presented have been those which would lend themselves to the glorification of great personages, and the reasoning upon them has been theological in its methods.

With the advent of economic determinism as the interpretator of human history the death-knell of theological history was sounded. For the Economic Interpretation of History proceeds by quite different methods—it aims at the whole truth, and its effect upon the human mind is altogether different than that wrought by the theologians. Says Parce in "Economic Determinism":

"It is the study of the development of society, and by society is meant the whole of the people, with their facilities for getting a living, their institutions and ideas. It has very little to do with either special events or particular individuals. An individual has no importance at all, excepting in his relation to all the people, and then the people are the important thing; he is merely an incident. And the mainspring of growth and action is found not in any outside power. But above all, it traces the ways in which the races of men get their living, for all other developments depend upon changes and improvements in the ways of producing the food and clothing of the race." (Emphasis mine).

And:

"When a person sees that the conditions in which he lives are due to causes which can and do change from time to time, and when he sees that such changes are the result of new knowledge put to practical use, or of new inventions and discoveries made by common men like himself, it puts new hope and courage into him. When he sees that improvements can be made by people simply getting together and making them, he takes a new attitude altogether. Whereas he was a negative and passive creature before, whose life was simply an endurance test, he now becomes alert and positive. He wants to learn about the facts of life, and what they mean and what opportunities for improvement they offer; then he wants to put his shoulder to the wheel and push." —"Economic Determinism," pp. 11-12.

With the sure guide of economic determinism there fell to the ground the old ideas of society, the old concepts of history, the old supremacy of witch-craft and mysticism. Man began to realize that he was master of his own destiny, that he could become the master, and cease to be the slave of Nature.

Moreover, Marx and Engels, by the discovery of the law of economic determinism, placed sociology on the sure foundations of a science. Or, as Engels himself says:

"History for the first time was placed upon its real foundation; the obvious fact hitherto ignored, that first of all man must eat, drink, have shelter and clothing, and therefore work, before they can struggle for supremacy or devote themselves to politics, religion, philosophy, etc.—this fact at last found historical recognition."

This historical recognition of economic determinism brought with it the realization of the importance of the economic forces which make and re-make society. For the first time man was conscious of the important fact that he could become the master of the trend of social evolution. Instead of the old concept of guiding powers from other worlds and the hapless slavery to an Omnipotent God, there came the new and hopeful concept of man's part in the moulding of social institutions and the realization of man's power to become master and not slave.

The value of such a guide to history is so apparent that there is little need for the writer to tell the tale and point the moral. Sufficient to his present purpose that he emphasises the importance of economic determinism as a guide to sociological development.

The acceptance of economic determinism implies the acceptance of the necessity of a close and careful study of the economic structure of the existing social order. If, as the Socialist states, the determining factor in social evolution is the means of wealth production and distribution, then it follows, as does night day, that only by a scientific analysis of the existing economic system can we appreciate to the full the trend of social evolution. The incessant change and urge of economic forces, the causes of those forces of which they are the effects—this must be the subject matter of all those who would take the existing social order, and:

"Shatter it to bits,

To remould it nearer to the heart's desire."

In such a study, we must start, as Marx himself has pointed out, with the production of a single commodity. The science of economics deals with the production and distribution of a nation's wealth, and in order to understand that process it is essential that we examine it in relation to a single, given commodity. A single commodity is a unit in that accumulation of commodities which comprise the wealth of any nation, and by the careful analysis of the processes whereby that commodity is produced and exchanged, we shall arrive at a clear conception of the processes whereby the whole of the wealth of any given system of society is produced and distributed.

In such a study of the economic structure of the existing social order, it is imperative that we possess a thorough understanding of the meaning of the term Value. Prof. Stanley Jevons (of whom more anon) says:

"Exchange is so important a process in the maximising of utility (read value) and the saving of labor, that some economists have regarded their science as treating of this operation alone . . . It is impossible to have a correct idea of the science of Economics without a perfect comprehension of the Theory of Exchange."—"The Theory of Political Economy," pp. 75-6.

And he continues that a thorough understanding of that theory necessitates a clear conception of the term Value.

Says the "Encyclopaedia Britannica":

"In most departments of economic theory it is convenient to use as the basis of exposition the opinions of J. S. Mill, not only because he has embodied in his treatise in a remarkable manner nearly everything of importance from the theoretical standpoint in the work of his predecessors, but also because most of the recent advances in economic science have been made by way of criticism or development of his views. This observation is especially true of the theory of value."—Sect. re "Value."

And this "remarkable" economist says:

"Almost every speculation respecting the economical interests of a society thus constituted implies some theory of value; the smallest error on that subject infects with correspond-

ing error all our other conclusions; and anything vague or misty in our conception of it creates confusion and uncertainty in everything else."—"Principles of Political Economy," book 3, chap. 1.

I might fill all the space of this article with quotations from political economists of note to the same effect. It is sufficient for my purpose that we recognize the necessity of a study of Value and a clear conception of what Value means.

It is the purpose of this and the following articles to call attention to the study of Value. There has been no term in the science of economics which has caused so much confusion of thought. Indeed, Jevons states that:

"I must, in the first place, point out the thoroughly ambiguous and unscientific character of the term value"—"Theory of Political Economy," p. 76.

This ambiguity and complexity has been recognized by all economists, but their analysis has only, for the most part, rendered confusion worse confounded. Mill, with his inveterate eclecticism, contrives, on this point of value to make one page carefully contradict another, but is bold enough to state:

"Happily, there is nothing in the laws of Value which remains for the present or any future writer to clear up; the theory of the subject is complete."—"Principles of Political Economy," book 3, chap. 1.

Be that as it may, I shall endeavor, in the following articles to analyse, with care and without prejudice, the various theories of Value which have been advanced from time to time, in order that we may arrive at as clear a conception as is possible, of this important phase of political economy.

Next Article: "The Classical School."

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