# Exchange Value and Price

By F. J. McNEY

A specter is haunting the economists. The fear that they will not be able much longer to perpetuate the mystery with which they have surrounded the science of economics in general, and exchange value and price in particular. Many economists would have us believe that exchange value is as great a mystery as the one God with three heads, or the three Gods with one head or whatever it is that our Christian friends tell us about. They coin words and phrases that mean nothing, for the purpose of confusing the issue as much as possible. They cite instances of articles that have sold at prices that obviously were not based on the amount of labor crystallized in the articles, in an attempt to prove that labor is not value. They imply that there is no such thing as a law of value, that the exchange of commodities is merely a game of catch as catch can, that "the value of a thing is as much as it will bring," and so on and so forth. Now this kind of bunk indicates one of two things, either these economists are entirely unable to generalize or they absolutely refuse to generalize. When we are dealing with exchange value and price, in the science of economics, we are not dealing with isolated instances, we are dealing with general principles. We know that the capitalist system is a happy hunting ground for all kinds of swindlers and cheats and that many people are swindled and cheated every day. We know, furthermore, that certain persons who own great wealth that they never worked for occasionally pay a considerable sum of money for some article that has little or no value and which is neither ornamental nor useful, just to gratify their vanity and to be able to say that they own something that nobody else owns. But what has all this got to do with the general basis upon which commodities exchange? Just as much as having your pocket picked, or giving fifty cents to a blind beggar has to do with it, nothing at all.

Perhaps it would be well before going any further to explain what the science of economics really is. To begin with, let us take a definition of economics from Webster's dictionary. Webster's could not be called a radical dictionary, so we cannot be accused of prejudice, when we use this definition. Here it is:

"Economics. The science that investigates the conditions and laws affecting the production, distribution, and consumption of wealth, or the material means of satisfying human desires."

Everybody will admit that is a good definition of economics. It is, at the same time, a good definition of wealth, the subject matter of the science of economics. You will notice that wealth is not only "the material means of satisfying human desires," but it is also subject to the process of production, distribution, and consumption. This means that wealth is something that is continually produced, or reproduced, from day to day, and from year to year, and placed on the market in sufficient quantity to supply the demand, and then some. Wealth is the aggregate of all commodities. Now anything that is not subject to this continual process is not a commodity, is not wealth and, consequently, is no part of the subject matter of economics. This excludes not only air, but also every old fossilized freak of a thing that has nothing to recommend it but the fact that it can't be reproduced. So when some rich man sees fit to pay a large sum of money for Napoleon's hat, or the fig leaf that Eve wore in the garden of Eden, that is his own business, but it has no more to do with explaining the basis upon which commodities exchange than if he had thrown the same amount of money into the sea, and that is that.

"The value of a thing is as much as it will bring." What a profound philosophical observation that is. If we assume that a thing, in this case, means a unit of a commodity, then we may let it be granted that its price represents its value on the average. But our next question is, why does a thing bring a certain price? Why, for instance, does one pound of tea bring about ten times as much as one pound of sugar in Vancouver at the present time? Is it because the demand for each pound of tea is ten times as great as the demand for each pound of sugar? Or is it because there is not enough tea to supply the demand? Again, if there is no such thing as a law of value, why is it that old Tom Lipton and the rest of the boys who have charge of the tea business don't raise the price of tea up to—say ten dollars a pound? Or, why is it that the people who buy tea don't insist on getting it for five cents a pound and refuse to pay more? A few years ago, for a few months, the price of sugar was about thirty cents a pound; surely it was a clear case of generosity on the part of the Sugar Trust when it brought the price of sugar down to eight cents a pound instead of raising it up to fifty cents, or a dollar a pound, if there is no such thing as a law of value.

Speaking of supply and demand, we hear a great deal at times about demand at a certain price, meaning that the demand for a commodity increases when there is a fall in price and decreases when there is a rise in price. In other words, when the supply is greater than the demand the price falls and the demand increases, and vice versa. True enough, but on the other hand, when there is an increase in the demand the price rises and when there is a decrease the price falls. This indictes that the price of a commodity is continually fluctuating around its value.

As I pointed out before, the tendency of value is to find its level, but there is no dead level of value any more than there is a dead level of price. Both value and price are different in different places at the same time, and different in the same place at different times, and continually fluctuating. But there is no mystery about this at all, it is easy to explain, in fact it could not be otherwise; that is why we must always deal with exchange value and price as a general law.

Then there is the great hullabaloo that is made about monopoly prices, or what is called the great contradiction. Marx said that in any monopolized industry where a large percentage of the capital was invested in buildings, machinery, raw material, etc., and a small percentage invested in labor power, the price of the commodity would have to be kept permanently above its value in order to pay the average rate of profit on the total capital invested, or words to that effect. By this statement, we are told, Marx not only contradicted himself but at the same time smashed the labor theory of value all to hell. Well I am not from Missouri, but I would like to have somebody show me. It is obvious, that if some commodities exchange above their value they must do so at the expense of other commodities that exchange below their value. So where is the contradiction? And where are the smashed pieces of the labor theory?



## ROCKEFELLER'S PLAN TO MAKE TRADE UNIONS SUPERFLUOUS MISCARRIES.

(I. F. T. U.)

Much interest has been aroused in the United States by a report issued by an impartial and scientific observer, Mary von Kleeck, director of the Russell Sage Foundation, on the working of the Rockfeller and Atterbury Company Unions. The Rockefeller Plan which was introduced into the coal mines of the Colorado Fuel and Iron Company in consequence of acute labour troubles in 1913, was the forerunner of the "company union" introduced by General Atterbury of the Pennsylvania Railroad and by other railroads. The Rockefeller Plan provided for an equal number of representatives of the company and the workers to hold regular meetings and also for joint committees in each mining district to discuss safety, sanitation, recreation and education, and industrial co-operation and conciliation. The scheme, which has some features in common with the British Whitleyism, differs from it in that it ignores the trade union, upon which British Whitleyism is based.

The present report, which has the advantage of being quite impartial, and based on long and careful investigation, declares that, although the system has improved working and living conditions, yet "the miners are not satisfied that their representatives have the power to protect them in decisions regarding wages and conditions of work." Another defect of the system, according to the report, is that it "does not develop leadership or stimulate interest among the wage earners," and the "worker's representatives do not feel free to act in opposition to the company's interest in defence of fellow-employees." Then "the issue of trade unionism is kept constantly alive by, inter alia, frequent instances of antagonisms to unions, and the company's policy of accepting the wage scale of its competitors which has actually been set by unionised companies through negotiations with the United Mine Workers, while refusing to deal in any way with the miners' union."

As for the "company union" of the Pennsylvania Railroad, the offspring of the Rockefeller Plan, it has gone wrong altogether: it has actually voted for the wrong people—that is—for members of the bona fide union instead of its own.

## THE ECONOMICS OF LABOUR

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too apparent. Land, which, as an economic term, includes all raw material, must, in the natural order of time, precede all other things, seeing that it is the material basis of existence.

But, while it is obvious that the land must have existed before either labour or capital, one would have imagined it to be almost equally obvious that the existence of labour must precede that of capital. Capital, say the political economists, is the result of saving. Saving of what, but the result of past labour? Capital, we have seen, is wealth used reproductively—wealth which, instead of being consumed, is devoted to the production of more wealth. But whence did this capital arise. Capital, say the economists, is the result of thrift and abstinence. But thrift and abstinence, however admirable they may be, are but negative qualities; they do not create anything. One may be as thrifty and abstemious as it is possible to be and yet possess nothing and even die of starvation. Something more than thrift and abstinence is needed to create capital. If a man earns a pound in a week and spends only ten shillings, you might describe the ten shillings he had left as his "capital—the result of his thrift and abstinence." But really it would not be the result of his thrift and abstinence; it would be part of the result of his past labour. By saving it he is, perhaps, able to turn it into capital, but this fact by no means changes its source, which is the common source of all wealth—labour.

(To be continued in next issue)