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VANCOUVER, B. C., APRIL 1, 1924.

### "INVISIBLE GOVERNMENT"

It is quite commonplace to remark among socialists that governments function as executive bodies operating on behalf of the ruling class, yet the fact does not seem to find recognition among other people excepting under such circumstances as are now holding the attention of the people of the United States and known as "the government scandals." And then the recognition is only a near recognition, because the circumstances, in form, are irregular and exceptional. In the ordinary course of events, given honest men and an amendment to the regulations in the election and practice of government here and there, and all would be well.

But would it? It appears to be the case always that wherever there are business interests these manage to influence the courts, the legislature, and, one way or other pretty well everything else to the promotion of their interests. The recent revelations of official corruption in the U. S. A. point simply to the crudities in the method employed. But has Ex-President Taft's judicial "impartiality" suffered anyway seriously in repute on account of some little publicity concerning his annual income received from the U. S. Steel Corporation, something like \$50,000—the detail escapes us for the moment? And how clumsily the arrangement must have been made between Sir Richard Squires (when Premier of Newfoundland) and the Dominion Steel Company! Clumsy because the knowledge is now public that he received \$46,000 from the D. S. C. while concessions and what-not were being negotiated between his government and the latter. "The 'Daily Herald' (London) seems to be worried over this because D. S. C. stock is largely held in Great Britain! And at the same time Lord Cowdray's Mexican Oil Company is accused of fomenting the late Huerta revolt there, it being quite as good principle to knock a government down as to build one up, according to circumstances. And in Nova Scotia, we learn from J. S. Woodsworth's address in the House of Commons, March 4, the now famous British Empire Steel Corporation has its influence wherever it may be needed. In the case of J. B. MacLachlan who was sentenced to two years' imprisonment for "Seditious Libel" (since released on ticket-of-leave), when his case came before the Court of Appeal he found his original trial Judge a member of the Court, a man who had been before his elevation to the Bench counsel for the company which was the main instrument in MacLachlan's prosecution. In that territory "Besco" is all-powerful. It is not strange therefore that four of the judges of that Court of Appeal had been earning their bread through "Besco" or one or other of its subsidiary companies. There are fourteen of them all told. Enough in a territory otherwise sparsely

populated with industrial activity to be looked upon as the "plum" of legal business.

All these details are merely confusing if it is not seen that industrial enterprise works that way for its own regular protection and in furtherance of its objective, which is profit. If the details go astray a little and venture into public gaze the fact simply

denotes that the "covering" has not been close enough. Every confidential bookkeeper in the employ of "the interests," great or small, has his B. and C. items in his ledger—Bribery and Corruption. It is so called simply because it collides with the theory of democratic government as we have it. But that is what we have.

## More Questions and Comment

BY F. J. McNEY.

WITH regard to the quotations from the "Outlines of Economics," they demonstrate Professor Ely's ability to raise a large crop of camouflage on soil carefully dressed with a famous fertilizer which is not at all scarce, but which may be found in great abundance not only in the stock yards of Chicago but everywhere else, and if the quotations given by "Kid" Morgan fail to make this point clear, then read the whole book. Furthermore "Kid" Morgan proves himself to be an apt and talented disciple of Prof. Ely in this respect, as we shall see later.

He tells us that when Prof. Ely says value means value in exchange; that is just what I thought he meant all the time and that is just why I went to the trouble of explaining in the preface to my article on "Marginal Utility" that "our aim is to find what determines the exchange value of commodities, or on what basis do commodities exchange one with another. This is the question that the marginal utility theory is supposed to answer." Next, we are informed that, "It is necessary that a commodity must be relatively scarce to possess value in exchange." Well that is a modification anyhow. It is no longer necessary that a commodity must be scarce to possess exchange value, but it must be relatively scarce. The "Kid" continues: "Nor can a commodity possess value without being scarce, seeing that 'scarcity' used in this sense, simply means 'difficulty of attainment' and this again means that its production involves an expenditure of effort. In short, a commodity cannot possess value (as determined by the amount of socially necessary labor time) without at the same time absorbing certain costs of production (price of production)."

That passage transcends anything that even Prof. Ely has written in the line of camouflage. I don't know where the "Kid" got his definition of scarcity but it is certainly the most remarkable one I ever read. According to this definition, if a man does not possess the necessary pieces of silver to buy a portion of a particular commodity he will find it very difficult to attain, and consequently, no matter how abundant the said commodity may be, it is scarce. But this is not the sense in which Professors Ely and Fairchild use the word scarcity at all. Ely says that a thing "must exist in less than sufficient quantity to satisfy all wants," and Fairchild says, "The only things that have marginal utility and so have value are those that are limited in quantity, so that there is not enough to satisfy everybody's wants." However, I admit that Ely and Fairchild are not trying to reconcile the marginal utility theory with the labor theory of value.

Another interesting statement in the above quotation is that the value of a commodity is determined by the amount of socially necessary labor time required for its production, plus the costs of production. Surely a double-header like that ought to confer value upon any commodity, be it ever so abundant. Would "Kid" organ be kind enough to explain this point a little?

We are also informed that Prof. Ely does not

consider labor power a commodity. It is interesting to note in this connection that Prof. Ely makes no distinction between labor and labor power at all, in spite of the fact that he has read the "Old Master;" perhaps the "Kid" can tell us why? It is, however, really kind and thoughtful of the Professor to admit that labor is a factor in the production of values; he might have denied even that. Then, after admitting that in his opinion labor power is a commodity, the "Kid" tells us that "the supply of labor power invariably exceeds the demand." Now if we are not all qualified for the bughouse that statement means that there is always an abundance of labor power. It means that the commodity labor power always exists in more than sufficient quantity to satisfy all wants, and yet, in spite of hades, it possesses exchange value, even if that exchange value does consist of a "bare subsistence."

Let us now consider some of "Geordie" Morgan's troubles. "Geordie" complains bitterly that he has been fishing for suckers for five years and never got a bite, or words to that effect. Now an advocate of the marginal utility theory would, no doubt, explain such a state of affairs by pointing out that it was due to a scarcity of suckers, but I, on the other hand, being opposed to the marginal utility theory on general principles, hold that suckers exist in great abundance,—the question is why don't they bite? The trouble as I see it, is that for many years "Geordie" has been enjoying—or suffering from—a reputation of infallibility as a Marxian economist. "Geordie" has been looked upon as the Pope of economics, and consequently, he was taboo as far as criticism was concerned. Is it any wonder that there were no nibblers?

However, I have a crow to pick with "Geordie" this time myself. "Geordie" says that my article on "Marginal Utility" was "old-fashioned." Now is that not enough to make a man jump up into the air and never come down? Old-fashioned! And I was sure that it was quite modern and up-to-date, I feel hurt "Geordie," I do indeed. I have not slept a wink since I read that letter. I may recover from the shock in the course of time but I will never look the same. Anyhow, it is now up to "Geordie" to favor us with an up to date and "new-fashioned" article dealing exclusively with the marginal utility theory of value, and I invite all the critics to be ready to light on it like a flock of buzzards on a tree-jackal.

Editor's Note: It seems to the editor that a great deal of the recent writings on these matters has been to cross purposes and that the lack has been somewhat a lack of universally understood terms. For instance, although he has never read Ely's "Outlines of Economics" the Editor's conjecture is—gleaned from these recent writings on Ely's virtues and iniquities—that there are several "Kinds" of scarcity according to Ely—& Co. Maybe not. The reading of Ely's "Outlines" is no doubt necessary, although it appears to the editor that Ely is quite good enough in the Appendix (A)—see quotation by L. T. Morgan, Clarion 1st March. The editor is in hope that someone who has read Ely will be able by this Appendix to absolve him from the necessity of doing so.

Now regarding L. T. M. It so happens that the U. B. C. examinations are on now and he is in the throes of such worries as are involved in "Arts '24" One Gethsemane is enough at a time.

As for "Geordie,"—if he ever catches up with the abundance of work he always has on hand no doubt he will go over these matters, breaking trail for us all again—to use.