

Quantitative Determination of the Magnitude of Value

By "GEORDIE"

IN a recent issue of the Clarion our old friend C. K. sets forth with his usual felicity and facility a somewhat attractive theory, no less than a short cut through what he, no doubt, regards as the Marxian jungle.

Taking as his text the following quotation:

"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." (Capital, Vol. I, p. 46).

C. K. argues as follows:

"Socially necessary labor" is, I suggest, Labor necessary to satisfy a social need. The amount of socially necessary labor, then, required for the production of a commodity is that amount necessary to continuously produce it in quantities sufficient to fill the effective demand. The demand for any certain commodity may at a given moment be considered as a fixed quantity. The amount of labor necessary to produce that quantity of the given commodity is the amount which counts in determining the magnitude of the Value of the total quantity of that commodity on the market at that moment. Thus, if the demand for commodity A at a given moment be 10,000 units, no matter how much more or less the total quantity of commodity A on the market at that moment may be its total value, in terms of labor-time, will be that amount of labor necessary to produce 10,000 units, for that is the amount of labor socially necessary, and since it has been exerted in response to a social want it can be no more materialized than the amount socially necessary.

This means that while Value is created in the act of production and exists prior to and independent of the act of exchange, its magnitude is not determined until it meets the market and equates itself to the social need. It means that just as prices determined by the conditions of the market tend in the long run to coincide with Cost of Production, so will Exchange Values tend to coincide with Values, and over a period total Values will theoretically equal total Exchange Values. It discloses the relation Exchange Values bear to Values, they being the phenomena that mark the process of trial and error by which supply equates itself to demand and the magnitude of 'Value' is determined."

Now it happens that Marx gave considerable thought to this question and, for that matter, others before him. For instance, the French economist Sismondi, in a work published in 1837, gave it as his opinion "that it is characteristic of our economic progress to reduce the magnitude of value to the necessary labor-time, to the relation between the demand of society as a whole and the quantity of labor which is sufficient to satisfy this demand."

This quotation is given by Marx himself in his "Critique" where it may be found on page 70.

Concerning the position of Marx in this matter the present writer made the following statement a year or two ago in the Clarion:

"This phrase (socially necessary labor) is somewhat ambiguous and may be used in a sense much more comprehensive than that in which it is used in connection with the theory of Value:

(1) It may mean the average labor time socially necessary for producing a certain commodity—at any given time.

(2) It may mean the social labor time necessary to produce the commodity if it were produced according to the general average of social efficiency in production.

(3) It may mean 'that quantity of labor-time which is necessary for the production of the socially required total quantity of commodities of any kind on the market under the existing average conditions of social production.'

In the first case the "socially necessary labor-time" corresponds to the value of the commodity; in the second case to the price of production and in the third case to the price.

It is, however, clear that the amount of labor socially necessary to produce a certain article under given conditions is a very different matter from the amount of labor socially necessary to produce the total amount of any given commodity—represented by the entire solvent demand for it in the market."

The above, in my apprehension at that time, was the gist of what Marx had to say on this matter. Looking over it again, however, I notice a few inaccuracies and it will be just as well to see what Marx actually does say.

In the first place, it should be noted that when Marx speaks of labor in connection with value he means "social" labor as distinguished from "useful" labor which creates utility. Social labor is simply, undifferentiated human labor which forms part and parcel of the social division of labor; the exercise of which is a social act looking to the satisfaction of a social want.

There is not, therefore, such a great difference between the phrases "necessary social labor" and "socially necessary labor." As a matter of fact Marx appears to use them indifferently.

In any case the quotation C. K. makes from p. 46 of "Capital" will not bear the interpretation he puts on it, for the simple reason that Marx himself on the same page specifies the application of the terms in these words:

"The labor-time socially necessary is that required, to produce an article under the normal condition of production, and with the average degree of skill and intensity prevalent at the time."

Nevertheless on page 750 of Vol. III I find the "socially necessary labor-time" defined as "that quantity of labor-time which is necessary for the production of the socially required quantity of commodities of any kind on the market under the existing average conditions of social production."

Now, it is possible that these two definitions may be read as being identical but they are not really so as they refer to two distinct things. Marx draws a distinction here, as always, between the thing itself and its magnitude, in this case between the demand for a commodity and the quantity demanded. There is a social need for a certain use-value and there is a social need for a certain quantity of that use-value.

It appears to be essential to the Marxian viewpoint that the magnitude of value is conceived as being determined in production and Marx everywhere insists on this. For example:

"Lastly, suppose that every piece of linen on the market contains no more labor-time than is socially necessary. In spite of this, all those prices taken as a whole, may have had superfluous labor-time spent on them. If the market cannot stomach the whole quantity at the normal price of two shillings a yard, this proves that too great a portion of the total labor of the community has been expended in the form of weaving. The effect is the same as if each individual weaver had expended more labor-time upon his particular product than is socially necessary."—Capital, Vol. I, p. 129.

It seems to me that Marx sums up his opinion on this point in the following:

"The same takes place in the division of labor within society as a whole, as distinguished from division of labor in the individual workshop. It is the labor necessary for the production of particular articles, for the satisfaction of some particular need of society. If this division is proportional, then the products of the various groups are sold at their values (at a later stage of development at their prices of production), or at prices which are modifications of their values or prices of production due to general laws. It is indeed the law of value enforcing itself, not with reference to individual commodities or articles, but to the total products of the particular social spheres of production made independent by division of labor. Every commodity must contain the necessary quantity of labor, and at the same time only the proportional quantity of total social labor-time must have been spent on the various groups. For the use-value of things remains a prerequisite. The use-value of the individual commodities depends on the particular need which each satisfies. But the use-value of the social mass of products depends on the extent to which it satisfies in quantity a definite social need for every particular kind of product in an adequate manner, so that the labor is proportionately distributed among the different spheres in keeping with these social needs, which are definite in quantity. The social need, that is the use-value on a social scale, appears here as a determining factor for the amount of social labor which is to be supplied by the various particular spheres. But it is only the same law, which showed itself in the individual com-

modity, namely that its use-value is the basis of its exchange-value and thus of its surplus-value. . . . This quantitative limit of the quota of social labor available for the various particular spheres is but a wider expression of the law of value, although the necessary labor time assumes a different meaning here. Only just so much of it is required for the satisfaction of the social needs. The limitation is here due to the use-value. Society can use only so much of its total labor for this particular kind of products under the prevailing conditions of production.—Capital, Vol. III, p. 745.

Such is the stated opinion of Herr Doctor Karl Marx. More anon.

Evolution of Coal

Excerpts from a Miner's Diary.

IN reviewing history for data relating to the origin of coal and how it entered into the affairs of man, it is to find coal was not exempt from the criticism and abuse "which accompanies all new things and ideas when making their first appearance in the drama of life."

In the field of science its wonders were laughed at and ridiculed, while on the commercial field penalties were imposed prohibiting its production. The Prelates and nobles of England denounced it as a black smoky nuisance. When coal finally became recognized as being a fit substitute to take the place of wood and charcoal "derived from diminishing forest areas" penalties which were formerly imposed upon its production were now enforced upon its use. In 1662, £200,000 was raised by the "Hearth Tax" imposed by Charles II. on the people of England.

The Greeks, Romans and Chinese were all acquainted with this fossil fuel and it was not until the arrival of steam that its wonderful possibilities became more fully realized. With the invention of the steam engine in 1784, and the numerous applications of steam that followed, coal started out on a new and wider career as a generator of "Motive Power." It gave an impetus to the railway, steamboat, mills and blast furnaces all of which in turn accelerated its own production. From fuel, to power, we now come to the various discoveries which take the form of "By-products" arising out of its use in "Industrial Processes." By a distillation of coal the scientist, armed with his knowledge of formulae and equations, can evolve and furnish us with a series of beautiful dyes, scents, explosives, powerful drugs and effective antiseptics, etc. The story of coal when told by the botanist, geologist physicist and chemist is both fascinating and instructive and while every page bears their trade mark it in no way means the evolution of coal ends here, and there is no room for a chapter bearing the "Value Mark of the Economist." This phase of the question seems to have been entirely overlooked by all writers. The great majority who receive their education in the public school are not instructed on what determines the "Exchange Value" of coal, or any commodity, and the part played by the law of supply and demand in the levelling of prices. When a dispute arises over a question of wages, why is it The Militia, Police, Press, Politicians and Preachers are always to be found on the side of the coal barons instead of the miners whose death roll amounts into thousands in the last decade. Why does this antagonism of interests exist? Surely an intelligent explanation of these questions together with the many more arising out of our financial system could fill an interesting volume in the history of "Man and Coal."

The selling of coal is principally carried on by companies who buy direct from the mines and by agents selling on commission. As a business it consists in crystallizing the energy of the various workers engaged in the production of coal into cash. Price is the approximate monetary expression of Exchange Value. The profits do not originate out of the blackness or carbon contained in fuel but are derived out of the labor involved in its production. This is the motive that brings all sellers into the arena of sale. Personal Interest takes them into the business and when the average rate of profit is not

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