

# Concerning Value

By H. M. Bartholomew.

## Article 6.

### The Final Futility of Final Utility.

**I**N my last article I presented the arguments adduced by the late Prof. Stanley Jevons in favor of his theory of "final utility." In that article Jevons spoke for himself. No attempt was made to distort the quotations nor to drag in side issues. 95.—Emphasis Jevons.

"The keystone of the whole Theory of Exchange and of the principal problems of Economics, lies in this proposition—The ratio of exchange of any two commodities will be the reciprocal of the ratio of the final degrees of utility of the quantities of commodity available for consumption after the exchange is completed."—"Theory of Political Economy," p. 95.—Emphasises Jevons.

Let us, in this article, examine this theory of exchange-value in the light of economic facts, and of economic reasoning.

What do we know of exchange-value? We know that the distinctive property of a commodity is its exchange-value. And we also know that this exchange-value is purely relative. A commodity possesses exchange value only when it is exchanged for another commodity. Indeed its value in exchange is equated by that of the other commodity. When we exchange two bushels of wheat for two pounds of tobacco we are dealing in quantities. Indeed the exchange-value of any given commodity is a purely quantitative relation.

But utility, or general usefulness cannot be measured as a quantity. The utility of any given commodity such as wheat or tobacco, is purely a qualitative relation. How can utility, a qualitative relation, be measured? By what means can we determine, in terms of quantity, the qualitative value of a commodity? It is impossible to do so.

If, on the other hand, it is impossible to determine and measure a qualitative relation then how can that relation serve as a measure of exchange-value? And if it cannot serve as a measure of value, then it is not the basis of value.

To approach this subject from another viewpoint. Any given commodity must satisfy a need. It must possess the property of being ultimately useful in consumption. But its exchange-value is something entirely different and apart from this use-value, and is independent of it. A thing is exchange-value only to the person who has no use-value in it, and it loses its exchange-value when its use-value asserts itself. The use-value of a commodity is something inherent in its nature, in the very mode of its existence, and does not depend on the social form of its production. It remains, in fact, the same use-value, no matter how and where produced.

Says Marx:

"Whatever the social form of wealth may be, use-values always have a substance of their own, independent of that form one cannot tell by the taste of wheat whether it has been raised by a Russian serf, a French peasant or an English capitalist. . . . It is a necessary prerequisite of a commodity to be a use-value, but it is immaterial to the use-value whether it is a commodity or not. Use-value in this indifference to the nature of its economic destination, i.e., use-value as such, lies outside the sphere of investigation of political economy. . . . But it forms the material basis which directly underlies a definite economic relation which we call exchange-value."—"Critique of Political Economy," ch. 1.

Again:

"But the exchange of commodities is evidently an act characterized by a total abstraction from use-value. Then one use-value is just as good as another, provided it be present in sufficient quantity. As use-values commodities are, above all, of different quantities, but as exchange-values they are merely different quantities, and consequently do not contain an atom of use-value."—"Capital," vol. 1, p. 44.

If exchange-value "presents itself as a quantitative relation" then it is economically impossible to measure that quantitative relation in terms of quality; just as it is the height of economic nonsense to state that a qualitative relation, such as utility, can be measured in terms of quantity.

In other words, the exchange-value of any given commodity cannot be determined and measured by its "utility"—whether that "utility" be "final" or "marginal."

If, on the other hand, we leave out of consideration the use-value of commodities, they have only one common property left, that of being products of labor. Can labor be measured by a quantitative standard? It is just the quantity which we want, as the exchange of commodities is a quantitative relation. Social human labor can be measured quantitatively, and quantitatively only; and, by virtue of this quantitative relation can be the only measure of exchange-value.

To again cite Marx:

"We see then that that which determines the magnitude of the value of any article is the amount of labor socially necessary for its production."—"Capital," vol. 1, p. 46.

Therein is the triumph of Marxian economics. It is the only system of economics which measures the quantitative relation by a quantitative standard. It is the scientific interpretation of economic facts, and the complete refutation of "qualitative utilitarianism."

But there is no need for us to go beyond Jevons himself in order to ascertain what value we need attach to his wonderful mathematics and complicated logic. Thus on page 165 we find him gravely telling us that:

"But though labor is never the cause of value, it is in a large proportion of cases the determining circumstance, and in the following way: Value depends solely on the final degree of utility. How can we vary this degree of utility? By having more or less of the commodity to consume. And how shall we get more or less of it? By spending more or less labor in obtaining a supply. . . . In order that there may be no possible mistake about this all-important (?) series of relations I will restate it in a tabular form, as follows:

Cost of production determines supply, supply determines final degree of utility, final degree of utility determines value."—"Theory of Political Economy," p. 165. Emphasis by Jevons.

Having gone to the trouble to make this profound statement Jevons indulges in many pages of mathematical formulæ to illustrate his wonderful theory. These formulæ need not alarm us, for their many pages of a fruitless hunt after  $x-y$ , tells us that:

"It may tend to give the reader confidence in the preceding theories when he finds that they lead directly to the well known law, as stated in the ordinary language of political economy, that value is proportional to the cost of production."—Ibid., p. 186.

Fearing that this bald statement will excite the sympathy of the reader in the naïvete of the writer, he invokes the rhetorical figures in Brown's grammar and the algebraic equations of higher mathematics to illustrate and qualify, until having exhausted these sources of "matico-economics" (Jevons' phrase) he is good enough to say that:

"Thus it follows that:

Value per unit of  $x$ —Cost of production per unit of  $x$ ; value of unit of  $y$ —cost of production per unit of  $y$ ; or, in other words, value is proportional to cost of production."—Ibid., p. 191-2.

This, then, is the outcome of this application of utilitarianism to economics. After 190 pages of mathematical formulæ and intricate algebraic equations we arrive at the exact position occupied by Mill. If "value is proportional to cost of production," why this elaborate edifice of "utility" and "esteem."

The fact of the matter is that Jevons, despite his ostentatious display of learning and his pedantic love of formulæ does not know what he is talking about. He sets out to upset the classical school and ends up by stating that: the classical school is "substantially true" when it states that value is determined by labor.

This professor, in his endeavor to establish "Matico-economics" as a science, succeeds in tying himself in a knot, and demonstrating the final futility of final utility. What think you of our exponent of "utility" who gravely tells us in italics, that:

"I hold labor to be essentially variable, so that its value must be determined by the value of the produce, not the value of the produce by that of labor."—Ibid., p. 166.

Is not that as beautiful and as touching a piece of nonsense as has ever been written by bourgeois economists? It is equivalent to stating that my labor embodied in a ton of wheat is worth more than my labor, embodied for an equal time, in Ford cars! And this is the economic prodigy before whose shrine the universities of the world still bow their knees!

## FROM SOVIET RUSSIA TO THE MEDICAL RELIEF COMMITTEE

March 22, 1921.

N 44,

Moscow, Petrovka, 17.

R. S. F. S. R.,

People's Commissariat of Public Health,  
Foreign Information Division.

Dr. M. I. Michailovsky, Chairman, Soviet Russia Russia Medical Relief Committee, New York Dear Comrade,—On behalf of the People's Commissariat of Public Health, Dr. N. A. Semashko, and on behalf of the Foreign Information Division of the Commissariat of Public Health, I ask you to convey to the Soviet Russian Medical Relief Committee our heartiest thanks for the aid rendered Soviet Russia by the Committee during the short period of its existence.

Your aid and your activities fill us with joy, particularly because they prove that the sympathies of the broad mass of the American people are with Soviet Russia.

Of this sympathy we are also assured by Comrade Martens and Dr. Katva, who on their arrival at Moscow, gave us reports of the conditions in America, and on the activities of your Committee.

Everything shipped by you has been received, and we are glad to establish a closer and more regular contact with you.

I should like to draw your attention to the fact that Soviet Russia needs very badly medical equipment, particularly sanitary ambulances, quinine, and dietary foods, as for instance condensed milk, bouillon, etc.

With the next mail we shall send you data on the activities of the People's Commissariat of Public Health. We are very desirous of being informed by your Committee about such American sanitation methods and medical regulations as may be of interest to the sanitary organizations and the medical profession of Soviet Russia.

The Department hopes that with the establishment of closer relations with your Committee it will become possible in time to exchange scientific medical treatises and publications.

We ask you to send all mail and packages to our representative at Reval, with mark in red "Very Urgent," so that it should not be kept long at Reval.

With brotherly greetings and deepest gratitude,  
(Signed) Dr. J. KALINA  
Manager Foreign Information Division People's Commissariat of Public Health.