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The Main Problem of Present Russian Economics

BY FRIDA RUBINER, (Moscow)

Trotsky's "Shears"

THAT Russian economics are on the steady upgrade is a fact which even the most rabid enemies of the Soviet republic cannot deny. The traffic service improves visibly; in places it has reached 100% of the pre-war level. Industry develops more and more, both as regards quality and quantity. Big industry, now as before in the hands of the state, is making steady progress. But Russia is an agrarian country par excellence, and her economy can only develop along sound lines when progress is equal in every direction. Since the Autumn of this year, incontestable signs of an economic crisis are to be observed, expressed in a lack of markets. This crisis has been mainly caused by the disparity existing between the prices of agricultural products and those of industrial articles.

During the years of civil war, the leading question was the preservation of bare existence amidst the struggle and its emergencies, bread was naturally the dearest article. And during the years of famine and failure of crops, the prices for corn products were relatively higher than those for industrial products. Since September last year these conditions have been reversed. Since this time the prices of industrial articles have constantly risen, and the price of bread has comparatively fallen. This divergence increased until the end of October 1922, then the curve of industrial products sinks somewhat—until about the middle of November—and then rises again uninterruptedly until the beginning of February 1923; about this time the price divergence came to a standstill which lasted until the middle of March. From here onwards the curve undergoes various vacillations, rises and falls, reaches its lowest point about the beginning of July of this year, since when it has continued to rise. Comrade Trotsky, speaking on political economy at the 12. Party Conference of the Russian Communist Party, held in March of this year, dealt in detail with the question of this price divergence. By means of graphic illustration he demonstrated the disparity between the prices of industrial articles and agricultural products. If the relation between industrial and agrarian prices before the war be represented by a straight line, the industrial and agricultural prices now form, two different lines, one tending upwards, the other remaining below the straight prewar line. Before September of last year the relation was reversed, that is, the line of the industrial articles was below that of the agrarian products. The resultant diagram gives the outline of a pair of shears, the two points of which draw more and more apart as the prices diverge.

Comrade Trotsky's "shears" are thus the representation of the deviation of industrial development from agricultural development, at present the main problem occupying the whole of Russian political economics.

The significance of these "shears" in actual practice may easily be seen; it signifies that the peasant—even when he exerts the utmost of his powers for intensification of work and extension of the area cultivated—finds that his products have decreased in buying power. The peasant who could buy an arshin of calico for 3.5 lbs. of flour before

the war, could not purchase an arshin of calico for less than 24 lbs. of flour in the summer of 1923. At the present time a coat or pair of trousers costs him on an average, 168 pud of rye whilst he could obtain these for 16 pud before the war. In districts rich in grain, where the crops have been specially good and the corn extremely cheap, the disparity is even more striking. The Ukrainian peasant has to give a pud of rye for a small package of tobacco, and so forth.

The result of this tremendous disparity between industry and agriculture is naturally that the peasantry is unable to buy anything. Light industry, for instance the textile industry, which pays such an important role in Russia, has made great progress within the last two years; but the home market, the vast tracts of country in Russia, cannot absorb the production, because the buyers, the Russian peasants, have not kept pace in the prices of their products with the prices of textile articles.

The most important political slogan of Soviet Russia during the last few years is that of the "Smutschka"—to employ the term coined by comrade Lenin—the alliance between the city proletariat and the peasantry. But it does not suffice for this "Smutschka" to be of a political nature only, before all it must be economic. The alliance, the union between the industrial proletariat and the peasantry, is naturally greatly endangered by the divergence in prices.

The following situation results: On the one side a trustified and syndicated state industry, banks, trade unions, a proletariat enjoying the eight hour day, and whose conditions of living improve daily in many material and cultural respects—and on the other side a poor peasantry, emerging ignorant and stupefied from Czarism, working with the primitive methods of their forefathers, and receiving a mere pittance for the work performed. It need not be emphasized that such conditions are impossible in a country where political power is exercised in the interests of the people, and where power is exercised in the interests of the toiling masses. It is not surprising therefore that a far-reaching discussion should be going on in the Russian press at present on comrade Trotsky's "shears," and on the measures to be adopted for the removal of the disparity between industry and agriculture.

Besides the constant—one might almost say organic—causes of the disparity between industrial and agrarian prices, due to the backwardness of Russian industry and technique, there are a number of other causes of a purely Soviet nature.

Up to now the Russian factories have not been working at their full capacity. The whole of the machinery in the factories is not yet running, and where it is running all possibilities are not fully exploited. The consequence is that the factory, adjusted to this or that output and requiring proper maintenance, by no means reaches its full quota of production. This is bound to have direct effect on the price of production.

The past Summer was a period of intense activity in repairing and improvement in Russian economics. The factories which had lain idle for years, and whose equipment had been neglected, were put

in order again. Alterations, painting, repairs, and refitting fully occupied many undertakings for months. The costs of this restoration work again increased the price of the product, for the principle that an enterprise must pay has been insisted upon since the introduction of the New Economic Policy, and the adherence to this principle renders it impossible for the repairs to be otherwise covered.

This principle of profitability, proclaimed with the introduction of the "NEP," is however, exaggerated at times by state industry. It has been ascertained that the economic administration of state enterprises has sometimes raised the prices of goods higher than the market could sustain, merely for fear of a deficit. The administration of the undertaking, the trust, calculates the prices for goods in such a manner that before all no deficit can arise.

The comparatively excessive bill-credits granted by the banks to industrial undertakings has been pointed out, these credits having enabled extensive stores to be accumulated; and another objection raised is that the goods take an unnecessarily long and tortuous path from the factory to the consumer. The price swells more and more, as the goods proceed from the factory to the trust, the syndicate, the central co-operative, the local co-operative, and finally to the shop, on their road to the consumer. One arshin of calico, priced by the "Centrosoyuz" (central co-operative) at 32 copeks, with an advance of 1 to 1½ copeks (in gold) for the country, has attained a price of 60 to 70 copeks before reaching the peasant.

The question of the reorganization of industry, and of the cheapening of industry, is now one of the most important problems of the economic life of Soviet Russia. The reorganization of industrial administration is a step in this direction. Russia, which is passing through a period of primitive accumulation of capital, and which possesses no foreign credits, is dependent on her own powers. The fundamental premise of her existence is that every part of her political economy develops equally towards a sound condition. If the two points of the "shears" are to approach each other again, industry must either become cheaper or agriculture dearer. There is no lack of suggestions in the latter direction—even to suggestions as to a compulsory state rise in prices for agricultural products. The export of corn, and the appearance of Russian agricultural products on foreign markets will have the effect of raising the prices of Russian agricultural products. And hand in hand with this there is a general improvement and advance towards sound economics in Russian agriculture, of which the latest great agricultural exhibition in Moscow afforded the most striking proof.

The discussion on the "shears," and the endeavours of the Soviet government in this direction, bear conclusive witness to the fact that Soviet Russia has overcome the period of anarchist conditions in her economics, and is on the road to the establishment of a perfectly ordered system of economics, held and controlled by the State, and pursued in the interests of the working masses.

—"Inprecorr," (Vienna).

By the Way

THOSE who have watched the late elections in the Old Country where so-called Labor has deposed Conservative government and now takes charge, should be reminded of history," says a correspondent to the Vancouver "Sun." he then proceeds to outline some alleged history of the French Revolution of the 18th century and the Russian and Hungarian revolutions of our day. His outline (?) is based on political pamphleteering, masquerading as history, whose author, I should judge to be a near relation of Mrs. Webster. I quote the conclusion of his letter. Says he:—

One modern writer puts the sequence of events thus:

1. The installation of a moderate socialist government, in order to pave the way for a more violent party, is an invariable move in the game of the world revolutionaries.
2. That these moderate socialists, whether they are conscious agents or unconscious tools, are always swept away by the tide of revolution.
3. That a period of anarchy necessarily follows.
4. That anarchy can only end in military despotism.
5. That the violence of revolution meets with correspondingly violent reaction.

The question is, has the "Crack of Doom" come to Old England?

F. M. McLEOD.

Shortly after reading the letter I ran into a Socialist who asserted his belief that the capitalists had picked out Ramsay MacDonald twenty years ago to seduce a Labor party into saving capitalism. I should think a less romantic explanation than either of these would serve most people to account for "moderate" parties when there are obvious and adequate causes close to hand. Most people are moderate, at least, most all of the time, making up that vast majority between Right and Left extremists. In times of social stress they may lean to Left or Right and even accept other leadership temporarily. But—Why is a moderate? Perhaps a matter of temperament and age, education and social affiliation; some material interest makes timid and old habits and loyalties maintain control! Moreover, the moderates, if necessary, are quite capable of forming their own parties and vulgarly practical programs, and of furnishing their own leadership without assistance from without.

As to the letter as a whole, it offered a pretty exhibition of blind partisan malice, deliberately distorting history, for F. M. McLeod leaves out all mention of the Monarchy, the courtiers and the feudal landed aristocrats and wealthy privileged interests and their contributions during centuries to the violence of the French and Russian revolutions. But what my article chiefly concerns itself with, he, in his prognostication of future political development in Great Britain appears to have made no attempt to examine the British case, as a special case in point, on its own merits, for whatever there may be in it that might determine a different procedure of change to the other cases he has in mind. Incidentally in regard to "moves in the game" of politics, seeing that both the letter writer and my Socialist are Scots, they might reflect with Burns how "the best laid plans of mice and men gang aft agley," even in the small affairs of life where controls are more easily established than over political alignments in a struggle of national scope in times of revolutionary change.

I propose chiefly by extracts from the article in the "Encyclopedia Britannica" on the history of France, to fill in the gap left by F. M. McLeod in respect to the part played by the privileged classes of France leading up to the revolution. In order to throw light on the British case of today, by way of contrast to the political development of pre-revolutionary France I shall also present some particulars of contemporary political development in England.

During the thirteenth century there sprang up over most of Europe systems of representative government, i.e., government by groups composed of the burgesses of the towns, the small gentry and lesser clergy, the feudal barons and higher ecclesiastics, respectively, with the monarch as supreme authority. By the sixteenth century, however, all

countries, except England, which continued to develop the representative system, though not without struggle with the monarchy, had gone back again to the system of absolute monarchy. No doubt the war-ridden and disturbed state of continental Europe gave occasion for monarchical dictatorships, while the more peaceful conditions of English social life allowed for the development of representative institutions.

But dealing with particulars, to start with the reign of Louis XIII. (1601-1642) will be early enough to illustrate the character of the institutional life under which successive generations of French people grew up, and to view the revolutionary forces in the making. (All matter quoted is from the Encyclopedia Britannica unless otherwise attributed.) Cardinal Richelieu was minister of affairs under this absolute monarch to the end of the reign. Richelieu asserted and enforced the principle "that no one might meddle in political affairs, neither Parliament nor States-General, though he occasionally took council with these assemblies of notables; still less had the public any right to judge of the actions of government. Even provincial and municipal liberties were restricted * * * thus, depriving the people of the habit of criticising governmental action, he taught them a fatal acquiescence in uncontrolled and undisputed authority."

The succeeding monarch, Louis XIV. (1642-1715), ascended the throne, with his mother as regent until 1651, and had as his minister Cardinal Mazarin. That minister carried on the traditional policy of his predecessor in office until his death in 1661, when Louis himself took full charge. "Louis ruled that all matters of public business must be referred to himself * * * and considered he need render no account of his duties to any one but his Maker. He, as God's vice-regent, would not take the law from his people. As for his rights, Louis solemnly affirmed these as plenary and unlimited. Representative of God upon earth, heir to the sovereignty of the Roman emperors, a universal Suzerain and master over the goods and lives of his vassals, he could conceive of no other bounds to his authority than his own interests or his obligations to God. * * * He therefore had but two aims: to increase his power at home and to enlarge his kingdom abroad." France became, by the year 1660 the dominant power in Europe, though the closing years of the reign found the tide running strongly against her. It was this Louis XIV. who said in answer to the question, What is the State? The State! I am the State!

Let us turn for a moment to contemporary England, I cite two instruments, the "Petition of Rights" of 1628 and the "Bill of Rights" of 1688, whose affirmations serve to throw light on the development of representative political institutions in that country at the expense of the pretensions to monarchical absolutism of the English kings. The language also in which the instruments are expressed, will in a measure reveal the attitude of mind and the ideas as to the relations of the individual and the State prevalent in England at the time and indicate what political and legal rights were being gained and traditions created for future generations to inherit. It will be noticed the date of one of the instruments precedes the French monarch's reign by fourteen years, and the other by some twenty-seven years, when France was at the height of its power, precedes the end of his reign. Between those dates, 1628 and 1688, one English king, Charles, was defeated in civil war, tried for treason, and beheaded; and another, James II., driven (a bloodless revolution) from the country. Both these kings lost the throne contesting the constitutional powers of parliament. In 1628, prior to the breaking out of open war, parliament forced Charles I to agree to what was called the Petition of Right which enacted:

- (1) That no freeman be required to give any gift, loan, or tax without common consent by Act of Parliament;
- (2) That no freeman be imprisoned or detained contrary to the law of the land;
- (3) That soldiers or mariners be

not billeted in private houses; (4) That commissions to punish soldiers and sailors by martial law be revoked and no more issued.

In 1688, after James the Second had escaped out of the country, William of Orange and Mary were tendered the throne on the terms of a statement which they accepted as a rule of government. The statement was embodied in an Act of Parliament called the Bill of Rights. Its chief clauses were:

- (1) The pretended power of suspending or dispensing with the laws assumed of late is illegal.
- (2) The late Court of Ecclesiastical Commission and other such courts are illegal.
- (3) Levying money by pretense of prerogative, without grant of Parliament is illegal.
- (5) Subjects have a right to petition the King.
- (6) Parliaments ought to be held frequently.

Since that date no man has been able to pretend that the kings of England reign by any other than a parliamentary title, or that parliament is not the supreme authority in the government of the country." So says the text book I quoted from in respect of those Bills of Rights. The fact that this text book "is published for the use of lower forms" in the public schools of Great Britain, to be read at the formative age of youth, will have some significance for those who are willing to study the British case of social change on its own merits and in the light of its own political history.

The reign in France of Louis XIV ended in 1715. Says the Britannica: Disease and famine; crushing imposts and extortions; official debasement of the currency; bankruptcy; state prisons; religious and political inquisition; suppression of all institutions for the safe-guarding of rights; tyranny by the intendants; royal, feudal and clerical oppression burdening every faculty and every necessity of life; monstrous and incurable luxury; the horrible drama of poison; the two-fold adultery of Madame de Montespan; and the narrow bigotry of Madame de Maintenon (his unofficial wife after the death of the queen.)—all occurred to make the end of the reign a sad contrast to the splendor of its beginning."

The degeneration of France continued under the policies of his son, Louis XV, whose errors "laid the foundations of the Prussian and the British empires. By three battles, victories for enemies of France—Rossbach in Germany, 1757; Plassey in India, 1757; and Quebec in Canada, 1759 (owing to the recall of Dupleix, who was not bringing in large enough dividends to the Company of the Indies, and to the abandonment of Montcalm, who could not interest anyone in a few acres of snow), the expansion of Prussia was assured and the British were relieved of French rivalry in the expansion of their empire in India and on the North American continent." And so on and on, from bad to worse till of all her old allies France had but one (Sweden) left. "Instead of being as formerly the centre of great affairs, the Cabinet of Versailles lost all its credit, and only exhibited before the eyes of contemptuous Europe France's extreme state of decay."

It was this state of France that Louis XVI took over, a reign which he shared with the revolution. Who were the schemers, who's the plot? Rather was it not out of the soil of seventeenth and eighteenth century social conditions, unintended by any group of men, that the revolutionary ideas of eighteenth century France arose, of which the central idea was "that natural rights are superior to all political arrangements."

Voltaire, Montesquieu the Encyclopaedists, the Physiocrats and—Rousseau, proclaiming the theory of the social contract and the sovereignty of the people. "But the philosophers only helped to precipitate a movement they had not created. The terrible prevalence of poverty and want; the successive famines; the mistakes of government; the scandals of the Parc aux Cerfs; and the Parlement playing the Roman senate; all these causes added together and multiplied, assisted in setting a general fermentation to work." Nevertheless, "the preaching of all this general philosophy, not only in France, but throughout the whole of Europe, would have

been in vain had there not existed at the time a social class interested in those great changes, and capable of compassing them, * * * *

"The class which gave the Revolution its chiefs, its outward and visible forms and the irresistible energy of its hopes, was the bourgeoisie, intelligent, ambitious and rich * * * * Finally behind the bourgeoisie, and afar off, came the crowd of serfs, rustics whom the acquisition of land had gradually enfranchised, and who were the more eager to enjoy their definite liberation because it was close at hand. So that to Louis XV's cynical and hopeless declaration: 'Après moi le deluge,' the setting 18th century responded by a belief in progress and an appeal to the future. A long drawn echo from all the classes hailed a revolution that was possible because it was necessary * * * * If this revolution did not burst forth sooner, continues the "Britannica, in the actual lifetime of Louis XV., if in Louis XVI's reign there was a renewal of loyalty to the king, before the appeal to liberty was made, that is to be explained by this hope of recovery. But Louis XVI's reign (1774-1792) was only to be a temporary halting place, an artifice of history for passing through the transition period whilst elaborating the transformation which was to revolutionize, together with France, the whole world."

In 1774 the monarchy (Louis XVI) engaged Turgot as minister of finance to attempt to remedy what the Britannica calls "the hideous bankruptcy of France." Turgot's intention was to abolish privileges in feudal imposts, and the monopolies of trade corporations which were stifling the free development of industry and trade. But, says the Britannica: "Economy in the matter of public finance implies a grain of severity in the collection of taxes as well as in expenditure. By the former Turgot hampered the great interests; by the second he thwarted the desires of courtiers, not only of the second rank, but of the first. He was after two years of office, thrown over by the commercial world and the bourgeoisie and the court, headed by Marie Antoinette. The Choiseul Party which had gradually been reconstructed under the influence of the queen (Marie Antoinette), the princes, Parlement (supposedly a non-political body), the prebendaries and the trade corporations, worked adroitly to eliminate this reformer of lucrative abuses." Necker was brought in to succeed him. A more able, but a man of smaller ideas, he stayed in office for five years (1776-1781). But in spite of his moderation and his skill he also failed, frustrated by similar influences and for similar reasons as had frustrated Turgot. Both these ministers were undoubtedly by far the two ablest men in the kingdom, both recognized down to this day, especially Turgot, as Statesmen and economists of outstanding genius. There was yet time under their administrations for both ameliorative and progressive reforms. Yet no leeway was granted them, they were hustled out of office, not by revolutionaries, but by upper class reactionaries, and France went galloping to the revolution. Truly, Mr. McLeod, those whom the gods intend to destroy they first make mad. And look! a veritable dance of death: "Having fought the oligarchy of privilege, the Monarchy next tried to rally it to its side and all the springs of the old regime were strained to the breaking point. "The military rule of the Marquis de Segur eliminated the plebians from the army; while the great lords, drones in the hive, worked with a kind of fever at the enforcement of their seigniorial rights; the feudal system was making a last struggle before dying. The Church claimed her right of ordering the civil estates of all Frenchmen as an absolute mistress more strictly than ever. * * * These forces were inexorable."

Our letter writer never appears to have asked himself what either the reactionary privileged classes or the revolutionary middle classes of the 18th century of France, or of Russia of 1917 had to offer, through the moderate parties, to the underlying population of distressed wage-workers and expropriated peasantry. Neither has he apparently asked himself: Why should the French peasantry of the 18th century, whose descendants in our time constitute the backbone of the present established order in France, have turned to revolutionary courses? But then, if he did so, his answer, to be consistent

with his theory of revolutions, would be, "all a move in the game of the revolutionaries!" The "Britannica," however, discourses on "the crying abuses of the old feudal regime and the wide-spread agrarian distress," and says of the middle classes that "they were just as jealous of their rights in property and land as the old aristocracy had ever been."

The Monarch, in extremity, summoned the States-General to help in the growing chaos, and popular fury for a time found in that parliamentary body a means of expression it had always lacked. Necker, a popular public hero, was recalled to office. "A widely extended franchise resulted in a vast majority for the third estate, who, considering that they represented 90 per cent. of the nation, declared that they represented the nation and therefore were authorized to take resolutions unaided, the first being that in future no arrangement for taxation could take place without their consent. The king, urged by the privileged classes, responded to this first revolutionary act, as in 1614, by closing the hall where the Third Estate were sitting. They adjourned and swore not to separate before having established the constitution of the kingdom. * * * * The elections had sufficed finally to show that the ancien regime, characterized from the social point of view by inequality, from the political point of view by arbitrariness, and from religious point of view by intolerance, was completed from the administrative point of view by inextricable disorder." For two more years the conflict between the king and the Assembly waged back and forth, while he, in the interim, surrounded himself with a praetorian guard of foreign regiments. The king was at hopeless odds with the Assembly and plotted against it. Then came the deluge.

I have tried to exhibit by the case of France how political absolutism and special privilege damned up the forces of change. Russia was another like case. In both cases the representative principle in government and its appropriate machinery was only established on the very eve of the revolution, when chaos reigned and passions ran high. None of the contending classes had time to acquire the habits of depending on persuasion and of accepting majority verdicts or the dispositions for reaching compromise policies and other skills and disciplines only to be got by long use of the mechanisms and practice in the ways of representative institutions by which opinion finds expression and is put into effect. The violent revolutions were conditioned, in a large part, by the centuries of monarchial and feudal despotisms.

I suggest the British case today is another different case to the cases of France and Russia, so much so, at least, as to warrant it a study as a special case. Whatever else there is also, and there is very much, six hundred years of existence in Great Britain of the representative principles in government and its progressive extension and use of its instrumentalities, the values put upon that which has been fought for and won, the traditions, habits and attitudes of mind which are the outgrowth of group life under such a political system—all this needs must be held to count for something as a controlling force on conduct, when we forecast the character of future political activities of the British people. I strongly believe those activities will be constitutional, supported with the use or threat to use such extra-political non-violent means as mass strikes and the boycott. Constitutional means have already put a minority Labor party in charge of governmental powers in Great Britain when violent means had not the slightest chance of success, even if the Party's supporters were all willing to use violence. I suggest the case of the United States and the Canadian case have much in common with the British case because of a similar and related political system. Let us seek to understand the masses of the people of our own communities, and advocate no methods of change alien to their ways and repugnant to their thought. The masses know in their bones that the representative institutions of political democracy have not failed, but that on the contrary, it is they themselves who have failed to make use of them in their own best interests. Let us create socialist opinion! Let the organiza-

tions of the producing masses grow! Arouse no unessential antagonisms, and, as socialist ideals and principles spread, they will give direction to the economic and political activities of those masses.

"C."

LETTER FROM MOTHER TO SON—No. 3

Dear Son:—

In my former letters I discussed with you some of the parliamentary aspects of political action. Not because those were the most important, but because in your particular case the most obvious.

Political action is any effort which aids in gaining control of political power, a part of which is registration at the polls of political opinion. But as the class-consciousness of the workers awakens the tendency is to restrict the franchise to those groups in society who are apt, either through their more favorable economic conditions or their political backwardness, to support the rule of ownership. As, for instance, the bills providing for the absentee vote of the soldiers, the traveling salesman, the educational qualification and the recent provision for the registration of the vote in the soldiers' homes, even while outlawing whole political parties which are considered inimical to the owning class interests. These are some of the manifestations here in the U. S. A., while in other countries where the workers are politically more mature they have set up military dictatorships which disfranchise them entirely, or which force them to register in favor of their owners.

Now what are the lessons to be learned. Is it not that political democracy functions only so long as the owning class can maintain its supremacy over our minds, and which they themselves do not hesitate to destroy when it bids fair to function otherwise than in their interests. You can readily see therefore, just to what extent the ballot serves the working class.

I strongly advise you to compare what the Labor parties in the various countries which have pinned their faith in parliamentary action exclusively have been permitted to do through their conservative leadership toward the emancipation of the working class, with what has already been accomplished by the dictatorship of the proletariat under the leadership of Nicolai Lenin. The latter predicated his action on the supposition of Karl Marx that a democratic Republican form of government was the form under which labor could best be exploited.

All this I know is quite contrary to your former ideas of what constitutes political action, but, as I mentioned before, we are reared in bourgeois ideas through their control of all the authorized avenues of education, which they obtain through the political power of the State. These ideas only give way by our imbibing freely of working class education.

Your loving

Mother.

SOCIALIST PARTY OF CANADA

PROPAGANDA MEETINGS

EVERY SUNDAY

THEATRE ROYAL

SUNDAY, FEBRUARY 17.

Speaker: DEAN COLEMAN (U.B.C.)

Subject: "Is There a New Psychology?"

Dean Coleman was advertised to speak on the 3rd, but through a misunderstanding as to dates did not.

All meetings at 8 p.m.
Questions. Discussion.

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LABOR IN OFFICE.

BY the support of Liberal votes in the British House of Commons the Labor Party has been able to step from opposition to government and, already in government, by the support of mixed votes it has been sustained on the first division. From this it is fair to assume that its stewardship is not altogether unwelcome to the parties who have bequeathed to its care a considerable area of trouble and distress at home and abroad. There is a comforting appearance of paternalism about these other parties, for despite their mutual recriminations they sing in chorus the gospel of capitalism and their Rights of Man concepts are the enduring subjects of electioneering promulgations and the general hollow harangue of their political philosophy.

The Labor Party, then, is in office but not in power, and we see in operation something of the high sounding Wilsonism about "government with the consent of the governed," a process in this case whereby a capitalist world somewhat preoccupied with trouble may be subjected to the ministrations of labor, giving the latter scope in the matter of energetic recommendations but withholding, if necessary, the power to carry them out. In the matter of France in the Ruhr, for instance, everybody knows that British opposition to the French Ruhr policy was surrendered to the French in return for British freedom from French interference in the operations towards Mosul. The Labor Party is now charged with making early recommendations concerning relations with France as to the Ruhr and reparations, and the Lausanne treaty ratification process is part of its inheritance from the previous administration. At the same time the labor government has already effected legal recognition of Russia, an act whereby the other parties are able to save their face and at the same time to supervise whatever arrangements may eventuate. "It would be impossible for the few to retain power over the many if the many genuinely desired to emancipate themselves," says Mr. Bertrand Russell, and although when he wrote that he had other people in mind than the Conservative and Liberal combined representation in the British House of Commons, the case might very well apply.

In 1900 the Labor Party had nine representatives in the House of Commons; in 1906, 54; in 1910 (January), 40; in 1910 (December), 42; in 1918, 73; in 1922, 142, and at present 191. As a minority party it has dropped into the cradle of government, yet whatever may be its hopes it appears to be aware of its limitations. Even if it were a majority it is quite likely that as a government its practice would come well within the bounds of even its moderate party pronouncements, and so disappoint many. But practice, in the same way, determines modifications in revolutionary programmes when they appear to reach the field of possibility.

In the home field the labor government is likely to find its hardest problems of administration in finance. The hostile press professes to think labor has immediate intention of confiscating the contents and oiling the integuments of the Bank of England

and all that goes with it, thereby heroically committing organized suicide, complete and immediate. It is not likely. It is more likely that the Labor Party looks upon its position now as of propaganda value towards its acceptance as a responsible and able body, a body willing and anxious to make excursion into the places of privilege and making its declarations accordingly, but at the same time conscious of the limitations of its mandatory and actual powers. Its character is essentially reformistic, a fact which, it is to be observed, is its chief attraction to the mass of its supporters. It is criticised on that account at home and abroad, yet from time to time recruits come to its ranks from the unlearned and from hopelessly well educated people alike. We gather that the mass of the people are interested mainly in finding out whether the iron law of wages can be amended to the end that wages may rise above the level of subsistence by some means or other, but largely through the co-operation of the Labor Party, and to attain possible ameliorative living conditions through State aid. It is their process of learning and it would appear to be a necessary course with them. The contrast has been made time and again between the numerical success of the Labor Party there and their failure here, the supposition being that people like ourselves have in our superior way managed to argue them out of existence by a process of scientific application of fact and philosophical browbeating, but the fact is simply that so far, in a country such as this, particularly in the west where there are no industrial centres in the European sense, there have not existed conditions favourable to the growth of reform parties and the course has been left comparatively clear for the theorists who, in the main, brought their theories through the Immigration Department and who, in turn, by virtue of the comparative absence of the glaring social sores which are the breeding ground of immediate reform parties were able to focus attention on theories of social revolution rather than on theories of social reform. The S. P. of C. for instance, has many a time received abuse and admiration, insult and brave praise, both arising from lack of understanding that the M. C. H. may be applied to Socialist and labor parties in explanation of their attitudes assumed, and wherever they may be.

However, labor parties there or socialist parties here, our business in life is to inherit the earth! We'll have more to argue about when we get it.

HERE AND NOW.

We register a point away below our prescribed financial zero this issue, lower than last and that was low. Following upon which we register grief, which we seek to communicate to our readers Here and Now. Our point being made, without further palaver we record the evidence:

Following \$1 each: H. C. Morgan, T. A. Hanson, C. Lestor, J. W. Dargie, H. Dosch, Tom Erwin, H. W. Speed, J. McMillan, J. Nyholt, A. Jankoff. R. Garden, \$2; Geo. Schott, \$5; W. Miller, \$2; J. Donaldson, \$3; J. A. Peterson, \$2.

Above, Clarion subscriptions received from January 27th to February 14th, inclusive—total, \$24!

CLARION MAINTENANCE FUND

Al. Korlan, \$2; "D. G.," \$2; J. W. Jamieson, \$1; F. J. McNey, \$5; A. Shepherd, \$1; A. Kilgour, \$1; Geo. Schott, 20 cents; T. Erwin, \$4; St. John Comrades (per M. Goudie), \$8.

Above, Clarion Maintenance Fund receipts, from January 29th to February 14th, inclusive—total, \$24.20.

LOCAL (VANCOUVER) NO. 1, S. P. OF C.

We are advised by "C," on behalf of the committee in charge of the arrangements for the annual celebration of the events of the Paris Commune of '71, that the arrangements for a social and dance are on the way, but are not definitely decided upon as to place and date. Tickets are to be (for men) \$1 and (for women) 50 cents. Full particulars will

be announced later and in definite shape. Meantime, following "C's" imperious orders, we are to make this preliminary, John-the-Baptist-like announcement as seductive and attractive as we can—and there you are. What is wanted, of course, is an overwhelming attendance of celebrants. If "C." has his way of it the annual event will prove more attractive than all our personal capacity can muster in literary allurements. Probably by next issue the committee will be able to announce full particulars. Curb your excited expectation until then.

REJOINDER TO L. T. MORGAN

As it would be a mere waste of time and space for an ignoramus like myself to try to debate with such an intellectual giant as Mr. L. T. Morgan, of the University of British Columbia, I will not try to do so. I admit that I know "practically nothing of the marginal utility theory of value, and even less, if possible, concerning that which Marx has written on the same subject." But it is the privilege of a fool to ask questions, and I claim that privilege.

If Mr. Morgan wishes to use Marx to defend the marginal utility theory of value he is welcome to do so, of course. Or it may be that we need the marginal utility theory of value to bolster up Marx. Again, it may be that "there is a complete unanimity of opinion between the marginal utility theorists and Marx on value in exchange." Being an ignoramus I am not qualified to deal with such subjects, so I will leave them to those who are.

But I am still pining for information concerning marginal utility, and I must admit that even Mr. Morgan's learned and profound exposition of the subject has failed to penetrate my thick skull. So I am going to exercise my fool's privilege and ask a few questions. Come now, eliminate the camouflage and give it to us straight: When Professor Ely says, "To possess value, a thing must be able to satisfy wants, and it must exist in less than sufficient quantity to satisfy all wants." does he mean value, or value in exchange? Is it necessary that a commodity must be scarce to possess value? Is labor power a commodity? If so, does it "exist in less than sufficient quantity to satisfy all wants"? In other words, is there a scarcity of labor power? When these questions are answered I will ask some more, but these will do for the present.

F. J. McNEY.

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Lessons For Young Proletarians

GEORGE STEPHENSON.

(Concluded from last week.)

THE Killingworth colliery and the Stockton and Darlington railways were the first big landmarks in the progress of the locomotive. The next was the Manchester-Liverpool railway over Chat Moss, a tremendous undertaking.

In 1821 Joseph Sanders formed a committee of Liverpool men to consider this project. William James, a surveyor of West Bromwich, who had already laid down some colliery railways offered to survey the land at his own expense, but his means did not suffice, and Sanders and others gave him £300 towards the cost.

The opposition which the landowners had shown to the Stockton-Darlington railway was as nothing to that encountered by the surveyors of the Manchester-Liverpool line. Organized mobs met them with personal violence. They were stoned, colliers threatened to hurl them down the coal pits, farm workers attacked them with pitchforks, the theodolite (measuring instrument) was smashed to pieces. Lords Derby and Wilton, through whose lands the railway would pass, regarded it as a nuisance. They sent their tenants and employees to the attack. The canal owners, especially the Duke of Bridgewater, also helped to organize the opposition. As a result, the survey was practically worthless, and though James got some further financial help from Sanders and his friends, he was overcome by pecuniary troubles and incarcerated in the Queen's Bench Prison as a debtor.

The Liverpool committee had by this time raised £300,000 for constructing the railway, but they had lost confidence in Mr. James, and leaving him to languish in prison, they appointed George Stephenson to undertake the building of the railway. It was thought that this would be done for £400,000, a sum which proved wholly inadequate.

Stephenson met with the same troubles as had beset James. Lords Derby, Wilton and Sefton, and the Duke of Bridgewater organized their tenants and employees to drive off the surveyors, as before. Mr. Bradshaw, the manager of the Duke's canal property, even went so far as to fire guns across the land to prevent Stephenson's party from advancing. Stephenson and his men met their first assailants both in hand to hand encounters and by strategy. Part of the land was surveyed by moonlight, the keepers having been drawn off in pursuit of pretended poachers who were firing guns some distance away. Lord Sefton's farmers were deceived by the production of a printed resolution, purporting to come from the Old Quay Canal Company, in which his Lordship was interested, and calling on landowners to oppose the projected railway, and to afford every facility for a survey of the intended line, in order that errors in the scheme of the railway company might be detected, and its defeat insured. The farmers, seeing this document, believed the surveyors had permission of the landowners, and permitted them to proceed.

Meanwhile the press was active against the line, declaring that the poisoned air of the locomotive would kill the birds in the air and render the preservation of game impossible; that houses would be burned; that horses would become extinct, and oats and hay would therefore be unsaleable; that the railway would be dangerous to travel upon, and that the boilers of the engines would burst, and locomotives would be too heavy to move. Moreover, cows would cease to give milk, and women would miscarry at sight of the trains.

The Liverpool-Manchester Railway Bill went into Committee of the House of Commons in March, 1825. George Stephenson was called to give evidence. His Northumbrian dialect occasioned surprise, and one member of the Committee asked whether he was a foreigner.

The promoters of the Bill were afraid that if

Stephenson expressed his opinion that the locomotive could go at the speed of 20 miles an hour the Bill would be defeated. They besought him to keep his estimate down to 10 miles an hour, and even argued that the usual speed would be only four or five.

The opponents of the Bill denounced the use of locomotives and contended that it was impossible to lay a railway over Chat Moss unless a solid bank of earth were built up from the bottom at an impossible cost. They declared Stephenson to be an ignoramus. All the civil engineers were opposed to his views. The Bill, which was for power to build a railway, and said nothing of locomotives, was rejected.

The promoters re-introduced it in the ensuing Session, employing a firm of engineers and surveyors of the highest repute. They also succeeded in conciliating the Marquis of Stafford, the largest shareholder in the Duke of Bridgewater's canal, by offering him a thousand shares in the railway company.

The Hon. Edward Stanley (afterwards Earl of Derby and Prime Minister) and Sir Isaac Coffin opposed the Bill with all the old arguments, adding that it would result in increasing the price of iron by 100 per cent., and perhaps exhaust the supply altogether.

Lords Wilton and Derby continued the opposition in the House of Lords, but the Bill passed, nevertheless, having cost the promoters £27,000. So vested interests retarded industrial development in the nineteenth century.

The railway company desired to secure the services both of Stephenson and of George Rennie, whose firm had been engaged to get the Bill through Parliament on the second occasion. Rennie did not fall in with the arrangement; he proposed to make six visits a year to the railway, and to appoint a resident engineer of his own choosing. The company declined this offer, and gave the whole undertaking into the hands of Stephenson.

The first task was to find means to lay a railway over Chat Moss, an immense peat bog about twelve square miles in extent. It is a mass of spongy vegetable pulp of bog mosses, one year's growth of which rises over the other, the older growths remaining in partial preservation through the antiseptic properties peculiar to peat. James, when surveying the Moss, had been nearly submerged, like many other people; but a farmer, named Roseoe, had learnt to cultivate the Moss by wearing large pattens and fitting such patterns also to the feet of his plough horses.

Stephenson adopted the same principles in building his railway. Drains were cut in the Moss, and on the land between them were spread branches of trees and hedge cuttings, in the softest places hurdles interwoven with heather. Over these gravel was sprinkled. On this floating bed the sleepers, chairs, and rails were laid in the ordinary manner. The sleepers were packed with cakes of dry turf or bundles of heath. An underground sewer of wooden tar barrels covered with clay was formed to assist in draining.

Great difficulty was experienced in forming an embankment on the edge of the bog at the Manchester end. Six hundred and seventy thousand cubic yards of moss as dry as it could be obtained were taken from the edges of the Moss and emptied into the bog where the embankment was to be formed. The stuff continued to sink to the bottom for weeks, and no visible progress was made. The directors were disappointed and alarmed by the cost and delay, and discussed abandoning the project; but Stephenson persevered, and finally the embankment began to rise above the surface, and success was assured.

The line over the Moss cost £28,000. It proved the cheapest part of the railway and the easiest to run upon.

On other parts of the railway no fewer than

63 bridges had to be constructed. At Mount Olive red sandstone rock had to be cut through for a space of two miles, and in some places more than a hundred feet deep. Laborers worked on the line both day and night, working in the dark by torch and fire light. This was the greatest undertaking of the kind ever attempted up to that time.

Stephenson worked with the men at the points of danger, designed the bridges and working plant, superintended the manufacture and planned every section of the line. He had only a few pupils, learning their business from him, to assist him with the draughtsmanship. His son, Robert, who had helped him in the Stockton-Darlington railway, was abroad, at Bogota, the capital of New Granada, whither he had gone to take charge of the operations of the Columbia Mining Association. He had accepted this position largely with a view to improving his health, but as a matter of fact the climate there seems to have injured his constitution. The engineering factory at Newcastle had suffered whilst George was occupied with the railway and Robert was abroad. Edward Pease was dissatisfied, and wished to retire from it, but Stephenson had not the money to buy him out. Robert, on returning, succeeded in putting the factory on a better footing.

It was now required for building the locomotives for the Liverpool-Manchester railway; but this was not yet realized by the directors, who had not made up their minds what mode of traction should be employed. After much discussion they permitted Stephenson to construct an engine for experimental purposes, which was used for transporting material and removing refuse during the making of the railway. Still the question of permanent traction on the line was undecided, and the most noted engineers of the day still reported against the locomotive. Finally the directors agreed to offer a prize of £500 for the best locomotive which would fulfil certain tests on a given day. From this competition George and Robert Stephenson built an engine which contained several inventions, its most important features being the steam blast and the multi-tubular boiler. It was called "The Rocket." It easily outstripped its competitors in every way, and attained a speed of 29 miles an hour, which was regarded as a great miracle in those days.

On September 15, 1825, the railway was opened, eight locomotives, constructed at the Stephenson works, being placed on the line.

The Duke of Wellington, then Prime Minister, rode in the "Northumbrian" train driven by George Stephenson from Liverpool. When the Duke reached Manchester he was met by placards about the franchise massacre of Peterloo, and brickbats were thrown at him. The Duke did not alight from the train, but returned to the safer atmosphere of Liverpool.

The railway soon carried an average of 1,200 passengers daily, and five years after the opening it carried nearly half a million passengers a year.

In the next years Stephenson was busy devising improvements in the railway and the trains, signals, safety appliances, and so on.

In the meantime, both the Stephensons were active in the construction of new lines which began to spring up rapidly. Between 1839 and 1840, 321 miles of railway (exclusive of the London-Birmingham railway) were constructed by them.

The landowners continued their opposition for some years. In the case of the London-Birmingham railway the Bill passed the Commons, but was thrown out by the Lords after costing £32,000. Committees of the House of Lords were at that time open to all peers. The measure was re-introduced, and cost £72,868 to get through Parliament in the following session—a striking evidence of the evils of the Parliamentary system. Jobbery and railway Bills went hand in hand. The Bill was carried only because the landowners were "conciliated" by pay-

(Continued on page 8)

Acquiring a Reputation

The Artsman, then, recognizes only the same necessity he has faced all the way up the school-ladder—to pass. If he have entrance conditions, there are mortgages to be paid off, . . . beyond this he must garner enough courses and half-courses, semester hours or points to purchase the indispensable sheepskin. Further effort is superogatory so far as concerns study, *per se*.

(Clarence Britten: "Civilization in U. S.")

READING the Neo-American literati, such as the contributors to "Civilization in the U. S." a person gains the impression that our colleges and schools are devoted to the pursuit of "athletics, dances, fraternities and such."

The critics of the higher learning are too sweeping in their statements. There are individuals among our university folk who have a mind above Bill Hart, Ty Cobb, Dr. Frank Crane or Ruby Valentino. Proof: Just look at the last issue of the "Clarion." There you will see an article pertaining to the "dismal science," betitled, "A Reply to F. J. McNey," and bearing the modest superscription "By L. T. Morgan, Arts '24, University of British Columbia."

On reading the "Reply" for the first time, I seemed to have read the article before. On the second scanning, the parable in the Book of Genesis came to my mind, "The voice is Jacob's voice, but the hands are the hands of Esau." Was it possible that a well-known Vancouver socialist had become rejuvenated, a la "Black Oxen", and was at present "taking" Arts at the U. B. C.?

Now, "The Clarion" scribes are not overly adverse to "lifting" *per se*. There are, however, some reservations to the general application of the principle. The chief of which is, that the "lifting" must not be done from a member of the tribe, by a stranger, who will not even leave a "note." The violator of the code is considered a robber.

Our "estate" consists of that intangible property known as reputation. When that "reputation" is appropriated by a literary marauder, "Well!" as the descendant of a Highland cattle-thief poignantly exclaimed, "It's hard to bear."

As a matter of fact, "A Reply to F. J. McNey," consists of wholesale pilferings from "A Review of the Plebs' Economics,"* and a series of articles "Concerning Value," contributed by "Geordie" to "The Clarion" within the past year or so.

Mr. L. T. Morgan, donning the mantle of the economist, and birch in the hand, proceeds to "carry the war into Africa" for the purpose of punishing a presumptuous person, one F. J. McNey, who had, when examining Professor Fairchild's lucubration on the "Theory of Marginal Utility"; the temerity to state that the Professor "would become a laughing stock for future generations."

This was too much. Notwithstanding the fact that other learned professors in the same field of endeavor as Prof. Fairchild had added to the gaiety of the dismal science, this did not deter L. T. Morgan from adding his contribution.

In his "Reply to F. J. McNey" Mr. Morgan proceeds to read a lecture on Marxian economics to F. J. McNey, and others who may be like minded. And he does it very well indeed. But the only original matter he contributes to the discussion is his name, and the grand pedagogical manner befitting his role.

It would seem that not only is McNey hopelessly confused between the concept value and the percept exchange-value or price, but the inference is obvious that Clarion readers in general must be in the same condition of confusion. Why do we make such an inference? Because in no part of Mr. L. T. Morgan's "lecture," "A Reply to F. J. McNey," does he indicate that "The Clarion" columns, even in recent times, contained any matter relative to the subject which he discusses so learnedly. Perhaps he was ignorant of the appearance of "A Review of the Plebs' Economics" and "Concerning Value" articles in "The Clarion." Well

* "A Review of the Plebs' Economics" by "Geordie," Clarion, May 1st, 1923.

we will now produce the evidence to convict him of the grossest plagiarism! Compare L. T. Morgan's "intellectual labor" with that of "Geordie," I now quote L. T. M.:

"In the second place Marx made a clear distinction between concrete or useful labor on one hand, and abstract or social labor on the other The producer, according to Marx, expends useful labor on appropriate material, and, effecting a qualitative change produces a useful object. (Here L. T. M. omits a very important sentence! Why?) At the very same time, and by the very same act, the producer, by incorporating a certain quantity of abstract labor, creates Value, not Value in Exchange. (Here the sentence, "The useful object is a commodity" is omitted.) This Value, though thought of as an entity—as a substance having actual existence in the commodity—is only conceptually existent,—in the mind only. (Are you still with me?) Thus Value is created in the act of production, and—note carefully—exists prior to and independent of, the act of Exchange—where Exchange Value and the Marginal Utility theory come into being. This is the principal difference between Value and Exchange Value. Thus Value, being materialized and undifferentiated labor, can have no other quality than magnitude, and since it has been created in response to a social want, it can be no more materialized—than the amount "socially necessary" for the production of a commodity. Marx clearly states the Law of Value in the following manner:

"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. 1, pp. 46).

"The value of a commodity, therefore, varies directly as the quantity and inversely as the productiveness of the labor incorporated in it." (Capital, Vol. 1, pp. 47).

As a matter of fact, F. J. McNey, the Law of Value is only another way of saying that labor produces all values. Do you get it?

Marx further distinguishes between Labor Power and Labor. The worker, given appropriate instruments can produce more in any given period than is necessary for his maintenance during that period. Stated in terms of the Law of Value, this appears as follows: the value of the product of Labor, allowing for the value of the constant capital consumed in the process, is greater than the value of the Labor Power expended. This difference is known as Surplus Value."

(Clarion, Feb. 1st—"A Reply to F. J. McNey")

Are you still with me Mr. L. T. Morgan?

Clarion space is valuable. Yet there may be readers who are not in possession of back numbers of this journal, so we are compelled to expose the source of your profundity, Mr. L. T. M.

Here is a reprint from "A Review of the Plebs' Economics," Clarion May 1st, 1923:

"At this point Marx takes up the problem: He makes a distinction between concrete or useful labor and abstract or social labor. Useful labor being expended on appropriate material effects a qualitative change and produces a useful object. In a society such as ours the production of goods is a social act looking to the satisfaction of a social want. Our producer, then, at the same time and by the same act incorporates a certain quantity of social abstract labor and creates Value. The useful object is a commodity. The value thus created, although only conceptually existent, is to be thought of as an entity, as a substance having actual existence in the commodity. It is created in the act of production and exists prior to and independently of the act of exchange. Being materialized undifferentiated labor it can have no quality other than magnitude and having been created in response to a social want no more can be materialized than the amount socially necessary, for the production of the commodity.

Marx therefore states the Law of Value in these terms:

"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. 1, p. 46).

"The value of a commodity, therefore, varies directly as the quantity, and inversely as the productiveness, of the labor incorporated in it." (Capital, Vol. 1, p. 47).

Marx further pointed out the distinction between labor-power and labor. The fact that, with appropriate instruments the worker can produce more in any given period than is necessary for his maintenance for that period when stated in terms of the Law of Value appears as the formula that the value of the product of labor—allowing for the value of the constant capital consumed in the process—is greater than the value of the labor-power expended. The difference is surplus-value."

"GEORDIE."

If you are still with me, Mr. L. T. Morgan, I might ask you why you dropped the very important sentences, "In a society such as ours the production of goods is a social act looking to the satisfaction

of a social want;" and, "The useful object is a commodity?" We will now make an excursion into the field of Exchange-Value, where at least, you, as a Marginal Utilityite, might have given us a new presentation of the subject.

Let us see:

"Exchange Value—take note, F. J. McN.—may be regarded as the phenomenal form of the substance Value. It does not follow that there is any causal connection between the two—nor is there any mechanism by which Value can make itself effective in the field of circulation. It is precisely in the field of circulation (the market) that Exchange Value necessarily emerges. Exchange Value, then, is the quantitative ratio in which commodities exchange. When one of the quantities to be exchanged happens to be the money-commodity, Exchange Value appears as Price. It is the Law of Prices, not the Law of Value which is now in question.

Now this Price is clearly arrived at without reference to the Value or the Cost of Production of the goods. These goods, when once exposed for sale are at the mercy of the market. Taking the market for any given commodity, at any given moment, we find that the supply of that commodity is—for the time being—a fixed quantity. Now the average seller must sell. That is his business, and the goods will be therefore sold at such a price as will make the demand equal to the supply (this is very important). That is to say, the Selling Price is a Price which will find purchasers for all of the goods. If the Price is so low as to cause a withdrawal of goods from the market, this would show the influence of Price upon supply. In any case, the supply would equal the demand."

(L. T. Morgan—"A Reply to F. J. McNey")

Again the deadly parallel, which blights a budding reputation:

"Exchange-value may be regarded as the phenomenal form of the substance Value. It does not appear, however, that there is any causal connection between the two nor is there any mechanism by which Value can make itself effective in the field of circulation. Now, it is precisely in this field, that is in the market, that exchange-value necessarily emerges seeing that it is the quantitative ratio in which commodities exchange, or in other words "the proportional quantities in which it (a commodity) exchanges with all other commodities." When one of the quantities to be exchanged happens to be the money-commodity, which is now invariably the case, exchange-value appears as Price. It is, therefore, the Law of Prices which is now in question. We may note in passing that the Cost of Production and Marginal Utility theories are not now theories of Value in the Marxian sense of that term. They are theories of Price and as such do not necessarily conflict with the Law of Value.

If we take the market for any given commodity at any given moment we shall find that the supply of that commodity is for the time being a fixed quantity. Now, it is the business of the seller to sell; he will sell if he can and in many cases must sell. The goods, therefore, will be sold and at such a price as will make the demand equal the supply. That is to say at a price which will find purchasers for all the goods. We may observe in passing the influence of price in the determination of demand. If the price should rule so low as to cause a withdrawal of goods from the market this would show the influence of price on supply. In any case supply would equal demand."

("A Review of the Plebs' Economics."—"Geordie.")

Our space is almost exhausted, but one more repetition before we close:

"All of which can be condensed into the statement that Exchange Value and Prices are NOT to be explained by reference to the Law of Value, Value and Exchange Value therefore, are very distinct and separate things and unless you clearly recognize and emphasize this, F. J. McNey, the Marxian theory of Value is indefensible—not even intelligible."

(L. T. Morgan—"Reply to F. J. McNey")

"All of which boils down to the statement that exchange-value and price are not to be explained by reference to the Law of Value. Incidentally it may be observed that if any student finds that the marginal utility theory is useful to him there is no reason why he should not use it as a serious contribution (albeit somewhat obsolescent) to the study of the formation of prices.

Value and exchange-value are therefore very distinct and separate things, and unless this distinction is recognized and emphasized the Marxian Theory of Value appears to do violence to the facts of the case and is indefensible. It cannot even be made intelligible."

("Geordie": A Review of the Plebs' Economics")

"The conclusion is inevitable," L. T. M. You started out with definite objects in view, First: to gain a reputation—In that you have succeeded beyond your most sanguine anticipation. Second: to prove that there is a complete unanimity of opinion between Marginal Utility theorists and Marx on

(Continued on page 8)

Canada the Land of the Blest

(By F. J. McNey)

YOU all know Henry Ford, of "tin lizzie" fame, of course. Well, Henry is also the owner of a weekly publication that he calls "The Dearborn Independent," in which we find many interesting articles and items of information. In the issue of January 19th, 1924, of the said paper, we find an article entitled "Canada Again on Feet in Economic Come-back," written by Mr. Edward Jerome Dies. Mr. Dies starts out on his story of the "economic come-back" of Canada, like a transcontinental mail train thus:

"Canada is again on her feet. This nation of the Northern Lights, boasting a population of eight million souls and sprawling from ocean to ocean over an area larger than the United States, has staged an economic come-back that will be glorified by the historians."

How is that for a starter? You think it is fine if he can just keep it up. Well Mr. Dies not only keeps it up, but he gains speed as he goes along; just listen to what he has to say about the prosperity of the Canadian farmers.

"Whirring reapers have been pouring into the world's bread basket what may be the biggest wheat crop in Canada's history. Authoritative estimates have placed the yield well over 470,000,000 bushels, and the oats yield at around 450,000,000 bushels."

Farmers are jubilant over the outlook. All Canada is jubilant. "Canadian farmers have passed through all the unhappy conditions experienced by the American agrarians."

We are plumb delighted to hear that the Canadian farmers are so rich and prosperous and happy, and that their troubles are over forever. And we don't expect to hear another squawk out of them. Mr. Dies goes on to explain that designing revolutionary politicians have, from time to time, tried to seduce the Canadian farmers, but with little success. The farmers are neither to be frightened nor bribed into doing what is wrong. After a little more of this kind of stuff Mr. Dies goes on to tell us about the prosperity of other Canadian industries. Speaking of the lumber industry he says:

"During the present year this industry has gone forward at great speed and will mark up a 1923 return to the Canadian people of more than \$600,000,000. Virtually all of the forest area is publicly owned. A vast army of workers are engaged converting forest products into wealth. Forty million dollars will be paid to workers in the pulp and paper mills alone this year while nearly twice that sum will pass to workers in the lumbering industry."

It is worthy of note that even Mr. Dies is aware of the fact that the timber as it stands in the forest is not wealth. It is only after it has been converted by "a vast army of workers" that it becomes wealth. You will also note, that this "vast army of workers" in the lumber industry and in the pulp and paper mills of Canada produced wealth to the value of six hundred million dollars in the year 1923. Very good. Now, when I was going to school, forty million dollars plus twice that sum was equal to one hundred and twenty million dollars. And one hundred and twenty million dollars, in this case, is

equal to the total amount of wealth received in the form of wages by all the workers in the lumber industry, as well as those in the pulp and paper mills of Canada in the year 1923. Now if we subtract one hundred and twenty million dollars from six hundred million dollars we find that we have four hundred and eighty million dollars of a surplus, or eighty per cent, of the whole sum that we can't account for. Our books don't balance at all. What is this four hundred and eighty million dollars worth of wealth, and where did it go? It can't be surplus value because there are many people who will tell you that there is no such thing as surplus value. And yet we are told that the "vast army of workers" who produced this four hundred and eighty million dollars' worth of wealth never got it.

After telling us all about the prosperity of the workers in the lumber industry and in the pulp and paper mills of Canada who are so rich that they can afford to lose four-fifths of the wealth that they produce every year, and never miss it, Mr. Dies proceeds to inform us about the prosperity of various other industries, and finally winds up by asking the question, "What does the prosperity of the new Canada mean to the United States?" As this question appears to be quite in order, he tells us what the prosperity of the new Canada means to the U. S.

To the average American citizen it will come as somewhat of a surprise to learn that before the bells toll in the new year America's financial investment in Canada will equal if not surpass the British investment."

Becoming more explicit Mr. Dies tells us that our financial investment in Canada one year ago was two billion dollars, and it is estimated that we have fattened the jack-pot to the extent of another half billion during the last year. In other words, Canada is our backyard. That is what the prosperity of the new Canada means to "U. S."

Still running in high, Mr. Dies has now made a complete revolution of Canada's prosperous industries and returns to his point of departure to give a little more advice to the farmers. So here it is:

"So everything considered, Canada has cause to be jubilant. Her big crops from cheap lands will offset low wheat prices. Her industries are humming. Her finances are strong and sound. Her trade balances are good. There is work for all. In the West, where there is room for a population of millions, many new residents from foreign lands, all carefully selected, are taking up farm lands."

"Meantime the government, following a policy established several years ago, is doing everything possible to assist the farmer. This judicial assistance is not, however, of the kind that would appeal to the lazy farmer of a socialistic or communistic turn. The government helps the farmer who helps himself, and the Canadian farmer has proved that he can help himself."

Of course, nobody would expect the government to assist "the lazy farmer of a socialistic or communistic turn," but why any other kind of a farmer should need assistance in such a prosperous country as Canada is a mystery yet to be explained.

but so long as it exists it would be as criminal for us to ignore it in our propaganda as it would be for us to neglect the more probable alternative. To say that one who points out this probability as a very important consideration is "an advocate of violence" is a sophism—"a false argument intended to mislead."

Two articles by C. H. Norman in the Glasgow "Forward," Jan. 5 and 12, support my views. Com. Harrington has had an article of similar vein in his series, "Revolutions, Political and Social." They deal with the question of political power in Great Britain—the country we all have in mind when we talk of a possible peaceful outcome of the class struggle. The articles are entitled, "Citizenship and the General Election," and the author claims to have made a close examination of English politics over a period of twenty years, and, on occasion, to have had special opportunities of ascertaining the truth. What are his conclusions? I will quote a few of them only, to economize space, but I hope the Editor will find an opportunity to print the articles in full in a subsequent issue.

1. "Wherever you look in the various methods of government which have been adopted in the world, nowhere can you find any long period of control of government by a citizen-electorate representing the vast mass of the community."

2. "The men who really rule England are quite unknown . . . my conclusions are that the country is not, in the last resort, controlled by the Cabinet, by the House of Lords, by the House of Commons, by the bureaucracy, nor even by the bankers; . . . Let me quote the only known published statement on this subject by Robert Lowe, Lord Sherbrooke, on the influence of British statesmen, written when he was Chancellor of the Exchequer. 'I am now in almost the highest position that can be attained by any Englishman born into my rank of life; yet I feel that I have no real influence. Matters of the highest importance are not decided by us. A small inner chamber of the great aristocratic families arranges these affairs among themselves, and we have little to do but register their decrees.'"

3. "One of the most peculiar incidents in the war was the way in which Mr. Asquith's Liberal government was replaced by the Coalition government. Mr. Pease, the Education Minister, made the astonishing disclosure, carefully boycotted at the time, that the first intimation that the Cabinet received of Mr. Asquith's intention to reconstruct his cabinet was a circular letter in which Mr. Asquith informed his cabinet that, from the date of the receipt of the circular; he would take it that they had placed their resignations in his hands with full power to fill their places with other people!"

4. "The cabinet of Great Britain would appear to be nominees of some unknown and powerful forces, either a phalanx of the great families of England, or a group of financial autocrats, who are the individuals who manipulate the courses of international trade and the money markets of the world. But no one can tell with certainty; though one of the most famous state papers in the world is believed to be the document penned by Disraeli on this subject, which has never seen the light of day."

5. "The political transformation of England has been achieved through a series of revolutionary acts from the time of Magna Charta to the Civil War, the revolution of 1688 to the semi-revolutions of 1832 and 1911. There is no guarantee that the economic rights and liberties of Englishmen can be secured without similar efforts, as the redistribution of economic power is a more terrible problem than the redistribution of political power, for those who hold their economic privilege of exploiting Labor are certainly no more willing to surrender that right than Charles I. was to give up the royal prerogative to tax the people without the consent of the House of Commons. That is perhaps why I am sceptical as to the likelihood of there being permitted a Labor Government at a time such as this than are many people, for, unless it is to the advantage of the propertied class to resort to the temporary expedient of a Labor Government, there never was a time when the feeling of landlord capitalism was more hostile to the ideals of better conditions for the working masses of England than the present, except in the dark period of reaction which followed 1815."

If this is the situation in the most constitutionally democratic country in the capitalist world, how long will "C's" process of gradualism take to achieve concrete results?

Another sophism:—"Economic motives serve for him to explain all human conduct . . ." I was dealing with class interests, and in that conflict economic motives function to the practical exclusion of all others. Individuals occasionally act with an apparently single-hearted devotion to ideals and principles and can be given credit for it. The prohibition campaign was initiated in Canada by idealists for moral purposes. It was taken up by the employing class from economic motives, (much to the dismay of the purists) and only then did it become a live political issue.

Strange that he should accuse me in the next breath of "idealizing an individual man!" I quoted the case of Shaftesbury as the spokesman of the more farsighted business interests who saw the danger of seriously depleting the labor supply by unchecked and unregulated exploitation.

The most glaring sophism of all is his distortion of the obviously limited meaning of my brief sentence in which I referred to the present position of the Labor Party in Great Britain, advancing the suggestion that, whatever its shortcomings might be, it could hardly be

Correspondence

"BY THE WAY"

Ed. Clarion:—

"C's" reply in the Clarion of Feb. 1, does not get us anywhere as far as a reply to my query: "What kind of a class struggle does 'C' present to us" is concerned. If he thinks fit to characterize my arguments as those of an ignorant demagogue, it may be my privilege to style the line of "argument" he adopts in his last article as that of a sophist, for it reeks of sophistry. Take a few instances.

First Col.—"His thought is violent, too violent to have a coherent background of philosophy"—"J. H. B. seems to deny the efficacy of any method other than violence, and is therefore committed to defending it and its propagation as a fundamental principle of socialism." Who is not reminded of Metcalfe's charge to the jury—"Force! force! force!" as purporting to describe correctly the whole intent and purpose of the Winnipeg defendants' propaganda activity? It should surely not be necessary

to refer to the fact that a Socialist who recognizes the class struggle between workers and exploiters should also be bound to take cognizance of the very probable fact that the capitalist class, being in possession of the repressive forces of the state, would use them to the limit to preserve their rights of exploitation in defiance of the expressed will of the majority, however constitutionally the latter might be registered. A peaceful, orderly and constitutional issue of the struggle is to be desired by all means, and, as far as I am concerned, and the Party propaganda as far as I have observed it, that has been the line along which we have striven. If, at the same time, we have pointed out that, in the very nature of the struggle and the vast interests at stake, a peaceful outcome would very probably be denied us and the solution arrived at through the final arbitrament of force, then we have only done our duty as we saw it. All our efforts have been directed to securing such an overwhelming display of support for the principles we advocate that the exploiting class would realize the futility of resistance. We all, ("C" expected), doubtless realize it to be a forlorn hope, for the ruling class has shown itself capable many times in the past of forcing the issue and defeating revolutionary movements before the latter were ready,

quoted as an illustration of the activities of a working class "anaemic, stunted physically and mentally, and morally degraded," (quoting "C's" own words.) Out of this he conjures up a straw man whom he, incoherent in his delighted ferocity, proceeds to tear limb from limb. From what I know of the characteristics of the British worker and his state of knowledge, I judge the Labor Party to, on the whole, express the mass desires and conceptions of the British workers as a class. It has been a natural growth, in contrast to the numerous attempts made to float "Labor" parties in Canada on the eve of political campaigns, utilizing ignorant or venal, (sometimes both) members of the working class as candidates in order to prevent the election of a bona-fide revolutionist. We have had experiences aplenty of this sort in B. C. and other provinces, as "C." very well knows. These parties came to birth and died within the limits of the political campaign, in contrast to the Labor Party of Gt. Britain, which carries on its activities the year round, and has done so from its inception. It was with those facts in view that I referred to it, and "C." has not a shadow of justification for charging me with endorsing the Labor Party of Gt. Britain on account of its size, and condemning the "Labor" parties of Canada on account of their lack of size. If I was a resident of Gt. Britain I would be an opponent of the Labor Party from a totally different standpoint from which I have assisted in the defeat of the fake parties in B. C.

My object in entering the lists with "C." was to extract from him his conception of the class struggle. His previous articles had led me to believe that his views were reformist and not in agreement with our Party platform and principles. Nothing that he has said in reply to my criticisms has faced that issue squarely. Having failed in my objective, and in view of the tone the debate is taking, it is useless to pursue the subject further.

J. H. B.

ERRATUM

In "A Reply to F. J. McNey," Clarion, 1st February, a misplaced line, first column, rendered a sentence unintelligible. This should read:—"But—and here's the 'rub'—if you can picture the capitalist producing goods to such an extent * * *" etc.

LESSONS FOR YOUNG PROLETARIANS

(Continued from page 5)

ing them three times what had been estimated as the cost of the land.

Lord Wharnclyffe, of Killingworth Colliery, was interested in the Manchester-Sheffield line, which passed through his colliery; but he rose in Parliament to oppose the Manchester-Leeds line because he thought it might be prejudicial to his interests. In the course of his speech he accused George Stephenson of dishonesty. Stephenson warmly defended himself, and pointed out that he had greatly improved Lord Wharnclyffe's collieries during his period of service there. Lord Wharnclyffe ended by asking that his attack on Stephenson should be erased from the records.

Opposition to the railways vanished when it became clear that they brought prosperity to the landlords, and new markets to farmers, and increased business to coaches in conveying passengers to and from the trains; whilst even the canals did more carrying business because of the general development which took place.

The landlords who had driven the railways from their lines perceived that higher rents could be had for farms near stations, and began to petition for branch lines and sidings.

The Stock Exchange had at first looked askance at railway projects, and respectable brokers had been reluctant to do business in railway shares; but about 1844 began a period of gambling in railway stocks, the aristocracy and all sorts of people not usually concerned in shares joining in the game.

Members of Parliament who had obstructed the growth of railways also caught the mania, and railway Bills went through unopposed. In 1845, powers were granted to construct 2,883 miles of new railways at a cost of £44,000,000. In 1846, powers were asked to raise £389,000,000 to construct further lines; 272 railway Acts were passed in 1846. The Rev. F. Litchfield, at a meeting in Banbury, said that the only limit he set to his approval of railways was that they should not come any nearer to him than to run through his bedroom with the bed-posts for a station. The Marquis of Bristol said that rather than be defeated in its undertaking, the Norwich-London line might make a tunnel beneath his drawing-room.

Railway prospectuses were now headed by strings of peers, landed proprietors, and Members of Parliament.

George Hudson, known as the Railway King, was one of those who exploited the railway mania, buying up numbers of railways, paying bogus dividends, and bringing about a crash which ushered in a slump in railway stock.

The railway engineers were forced to depend on the operations of the money-makers and on the self-seeking manoeuvres of Members of Parliament. They spent weeks at a time in the crowded, low-roofed Committee rooms of the old Houses of Parliament, contending for opportunity to develop their work, with men who possessed no technical knowledge and were only animated by the desire of gain.

As to the railway contractors, many of them went bankrupt because the work proved much greater and more costly than anyone could foresee.

The railway navvies, who sprang up to do the actual work of making railroads, travelled about the country from work to work. They joined together in what was called a "butty gang" of ten or twelve members, making contracts to cut out so much "dirt," according to the character of the land. They often worked from 12 to 16 hours at a stretch. They wore white felt hats, velvetene coats with square tails, scarlet plush waistcoats with small black spots, corduroy knee breeches, high laced boots, and leather belts.

Unlike most inventors, the Stephensons became wealthy men. George Stephenson had the reputation of being kind-hearted, but some of his ideas on the rights of labor and the prerogatives of capital would be looked on with horror by the mildest Laborists in these days.

He formulated a proposal to the Spanish Government that Sir Joshua Walmesley's company should be given land and be allowed to cut timber free to construct a railway, and should bring in their goods duty free. In return for these concessions the company should feed and clothe the several thousand men from the Spanish convict prisons—the convicts, who were not regarded as having any rights at all, being forced to work for no other recompense than bare food and clothes. The Spanish Government made no answer to the proposal.

PLATFORM

Socialist Party of
Canada

We, the Socialist Party of Canada affirm our allegiance to, and support of the principles and programme of the revolutionary working class.

Labor, applied to natural resources, produces all wealth. The present economic system is based upon capitalist ownership of the means of production, consequently, all the products of labor belong to the capitalist class. The capitalist is, therefore, master; the worker a slave.

So long as the capitalist class remains in possession of the reins of government all the powers of the State will be used to protect and defend its property rights in the means of wealth production and its control of the product of labor.

The capitalist system gives to the capitalist an ever-swelling stream of profits, and to the worker, an ever increasing measure of misery and degradation.

The interest of the working class lies in setting itself free from capitalist exploitation by the abolition of the wage system, under which this exploitation, at the point of production, is cloaked. To accomplish this necessitates the transformation of capitalist property in the means of wealth production into socially controlled economic forces.

The irrepressible conflict of interest between the capitalist and the worker necessarily expresses itself as a struggle for political supremacy. This is the Class Struggle.

Therefore we call upon all workers to organize under the banner of the Socialist Party of Canada, with the object of conquering the political powers for the purpose of setting up and enforcing the economic programme of the working class, as follows:

- 1—The transformation, as rapidly as possible, of capitalist property in the means of wealth production (natural resources, factories, mills, railroads, etc.) into collective means of production.
- 2—The organization and management of industry by the working class.
- 3—The establishment, as speedily as possible, of production for use instead of production for profit.

Leopold, King of the Belgians, was much impressed by the importance of railways, and decided that the railways of Belgium should be run by the State. He procured the assistance of George Stephenson.

The history of the locomotive clearly shows that Capitalism exploits industrial progress.

—From The Workers' Dreadnaught (London)

ACQUIRING A REPUTATION

(Continued from page 6)

Value in Exchange. You arrive at this conclusion via the Labor Theory of Value—Surplus Value—Exchange Value or Price. In this you are quite at variance with the Marginal Utility school if you imagine that theory was intended to parallel Marxism, or to act merely as an adjunct to that system.

Despite the mutations of the Final-Marginal Utility theory since Jevons proclaimed that "Value depends entirely on utility," it is as Veblen points out, "from first to last a doctrine of value." Its validity as a doctrine of value is conditioned on the answer to the question: Does Value occur in the process of Production, or in the field of Distribution—the market?

There is an interesting history to the evolution of the Marginal Utility theory viewed in connection with the political and economic development of the past fifty years.

Why "read Marx," Mr. L. T. Morgan, when "Geordie" is so much easier?

F. C.

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