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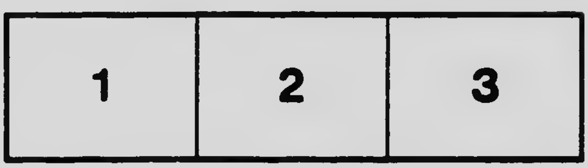

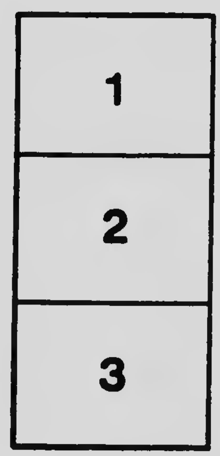

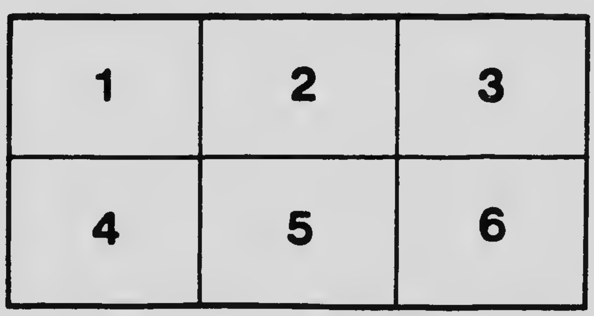

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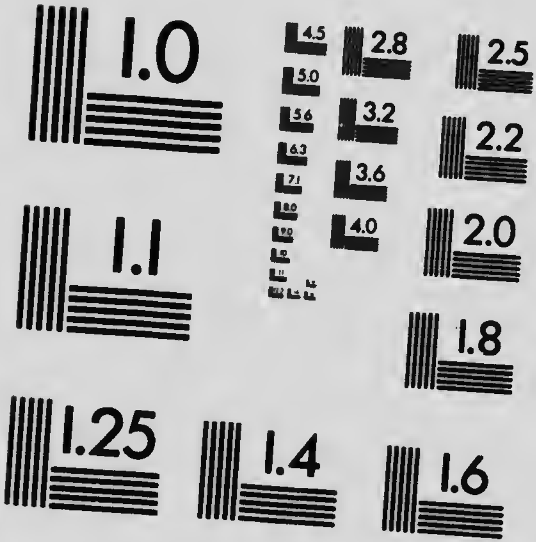

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Summary of

MARX' CAPITAL

BY A. P. HAZELL

PUBLISHED BY THE SOCIALIST PARTY OF CANADA.

KINGSLEY PRINTER

Marx was attracted as a young man to the working class movement which was then fermenting in Germany and throughout the Continent of Europe. In 1848, a now celebrated period in the history of the German workers, the ruling classes were afraid of an actual general revolution, and there was some ground for their alarm, for the young men of broad minds and keen intellect, among whom was Karl Marx, had been drawn into the revolutionary vortex of the hour.

Marx father, who had formally adopted the Christian religion for political reasons, had great hopes of the future of his son as a government official. Marx, however, pursued a course of his own. He became a press controversalist and agitator, finally accepting the editorship of a revolutionary organ. The police were commissioned to give him no quarter, and he was, consequently, exiled, first from one country and then from another, until he was forced to come to England, where he resided till his death.

Political economy and general philosophy had always been favorite subjects with Marx, and he found his acquaintance with them of invaluable assistance to him in his polemical discussions with the ordinary scribes of the capitalist press. He resolved, at the earliest posible moment, to attack the orthodox economists, and with this aim he published his first criticism on political economy, which, strange to say, has only recently been published in the English language in America.

In his English retreat he further developed his first essay, which he ultimately expanded into his celebrated work, entitled "Capital: An Analysis of the Capitalist System of Production," the latter part of which is not yet printed in English.

The object of this pamphlet is to give a brief outline of the contents of Marx's work, so that the reader may readily see how he deals with the economic problem.

Marx's Proposition.

Is that "Labor is the Source of All Wealth." The true value of a social product, he says, is the amount of actual labor it contains, its quantity being measurable by time.

Why one man is poor and another one rich Marx proves to be due to exploitation, which has its genesis in the subjection of man to man, which in time became sanctioned by custom, evolving various social grades of workers, such as we see under feudalism, ultimating in our present complicated capitalist system of free exchange and wage-labor. Men may seem to be free contractors, but they are, in fact, so bound by their economic environment that they are forced to toil as a servile race like chattel slaves and serfs did of old, of whom, indeed, they are the real lineal descendants.

The capitalist system is an embodiment of many other economic systems which have preceded it, and thus we often find social conditions which at first sight appear to be in contradiction to the ordinary laws governing capitalism. In the industrial systems preceding the present, the chief aim of the producers was directed to creating commodities that they might sell them for money to obtain commodities of a different kind for the purpose of consumption. That simple system of exchange has passed away. Producers do not now start creating commodities to get money that they may get other commodities to consume, but they commence with money to create commodities that they may sell them for more money. This new set of conditions is peculiar to the capitalist system. The aim of the capitalists being to turn everything into gold, the production of pure and well-made commodities becomes quite a secondary matter to them. When "honest" capitalists like John Bright easily convince themselves that adulterated goods and child labor are necessary factors in production, we cannot expect unscrupulous capitalists to bother about the evil social conditions or the right of the worker to live, so long as they secure their object—unpaid labor converted into gold. Capitalists are impelled by the stress of economic circumstances to bring everything into the vortex of exchange. Thus things, from articles of virtu to churches, are placed on the market, and priced so that a portion of the surplus-value created in the workshop may come to them, and add to their pile of wealth. They do not trouble whether this or that is a commodity pure and simple, so long as it secures them a profit on the transaction. By means of the price form of value all sorts of things and all kinds of services are brought within the commodity world.

What Marx has done for political economy is to analyse the capitalist system, in which labor products are c[illegible]ted and exchanged as commodities. He has done so with great precision, showing how it is that the worker is compelled to create wealth for which he gets no equivalent whatever. Why the worker subjects himself to the capitalists and goes working on in his misery, even going so far as to repel those who wish to help him, is a psychological problem which Marx in his work does not feel compelled to answer; but the lines on which he would answer this problem can be clearly perceived in his materialist conception of history where he states that man's material needs govern both his emotional and intellectual being.

Wealth.

The primary form of wealth is that of use-value—a thing which we appropriate for use. Broadly speaking, anything that we use may be termed wealth. We therefore, have to come to this conclusion, that utility is the substance which converts material things into wealth; meaning by "substance" the principal element which distinguishes it from other things. It is true that things such as the air and the sea are useful, and from the point of view of strict logic ought to be included in our definition. But air and the sea always remain in the simplest form of wealth, and do not, like minerals for instance, pass through phases of development until they become regarded, not only as commodities, but as capital. Society, which does not bother about fine distinctions, turns its attention to the objects of wealth which it daily handles, leaving exact definition to the professional economist, who, in turn , follows society in its indefiniteness.

Commodity.

In the course of time use-values are not only appropriated from Nature ,but are created by man. These latter, therefore, become labor products, as well as being use-values. When man takes to a pastoral life, and then to agricultural pursuits, we have an interchange of superflous products, which creates barter. The benefits accruing from the exchange of these articles are recognized as being so great that there comes a time when products are specially created for the purpose of exchange. It is natural that if a community grows things for its own consumption and also for the purpose of exchange it should invent a term to distinguish the latter. We might call them either exchange or market products, but society has determined in the name of its economists to call them commodities. It will help us if we are careful in noting how the distinction arises between one form of wealth and that of another, and the reason why. For instance, why does a labor product become a commodity?--To denote a given usage to which a labor product is put, namely, that of being placed on the market for the purpose of exchange instead of being used for home consumption in the ordinary way. Usage, then, by means of exchange, converts a labor product into a commodity, and usage likewise performs the same office for the commodity by changing it into money.

Money.

We come to the next development in the form of wealth—that of money.

We see that a commodity is a labor product put to a certain use. Now, money, in its turn, is also a commodity put to a given use, and to denote this usage it is called money. Let us proceed carefully, for if we miss understanding how money comes into existence, we cannot claim to know much of economics. When communities exchanged their labor products they had to barter. If they grew corn, they had to calculate, when they bartered, in this way: So much corn is worth so much salt, so many cattle, so many skins. But this form of calculation is a tedious method. Custom soon found it easier to reverse the process, making everything worth so much corn. Corn and cattle and skins have each been money in their time. And why? Because, being the most staple articles produced, they in the natural order of things became used for the purpose of reckoning. Money, then, is a commodity used for the purpose of reckoning the value of other commodities as a medium of exchange.

When we say salt is worth so much butter, we accept butter as representing value, and salt as the one we wish to measure. Marx is rather careful in pointing out the relations of this transaction, and he characterises one commodity as occupying the relative form of value, and the other the equivalent form of value, which corresponds to the position of two things we weigh. In our instance the butter would correspond to the weight and the salt to the article we wish to weigh. The equivalent is the one we accept as representing value, and our object is to find the relative value of the other. From this equivalent form arises what we now term the money-form of the commodity.

Usage determines whether one commodity or another shall be money. The commodity selected for the purpose of reckoning naturally begets a social importance, for anyone who has money can exchange it, as it is accepted as a universal equivalent for every commodity brought to market. To recount: We have, first of all, use-value, then labor-product, then market-product or commodity, then money, and now we come to the next form of wealth—capital. As we have seen, a commodity put to a certain usage becomes money; now, money, in its turn, also gets put to a certain usage, and gets a particular name—that of Capital.

The money-commodity being recognized as the universal equivalent and medium of exchange, and therefore possessing considerable social advantages over any kind of commodity, everyone has need to command a certain quantity of it, and is prepared on occasions to give something to those who will loan it—thus we get usury, or interest. Then, as society evolves and commerce becomes prevalent, merchants find themselves compelled to start production or a business with money. Their object is to make more money out of the transaction, but they do not like the odium attached to those who make money by loans, which is called interest, so they call their increase of money, profit. Money used for the purpose of begetting profit is now called capital. Let us again review the progress made. We have firstly, use-value, then labor-product, then commodity, then money, then capital. Capital under these conditions possesses the attributes of money, of a commodity, of a labor product, and of a use-value combined. Thus capital is wealth, money is wealth, a commodity is wealth, a labor-product is wealth, a use-value is wealth.

Use-Value, Exchange-Value, and Value.

After defining wealth we come to a disquisition on the most difficult subject of political economy, over which professors discuss without ceasing. But we need not be troubled. Professors of economy want an explanation which accords with their preconceived views, and one which justifies social inequalities; whereas we only want an explanation in accordance with facts. If we carefully follow the analysis of value, we shall find that it is so easy that we shall be somewhat chagrined at ever imagining it difficult.

We have three values to examine. Two of them are of the concrete order, one of the abstract. But do not be alarmed by the terms of "concrete" and "abstract." They are terms easily mastered. We arrive at the abstract through the concrete. Take man as an illustration. Our experience tells us of white, red and black men. Our power of reflection informs us that if we abstract whiteness, redness, or blackness, man is still left. Man is an abstract conception; a black, a white, or a red man is a concrete conception. A thing, it is plain, is in the concrete when it has attributes; in the abstract when in imagination all attributes are abstracted and only one substance left. Let us not forget this.

Use-value and exchange-value are concrete or particular forms of value, and come first in point of experience, but our purpose will be better served by examining value in the abstract. Now, what does value express? A comparison. If I say what is the value of your watch as compared with my chain, it is equal to saying what amount of a given substance is there in your watch as compared with the same substance in my chain? It is evident from this that value is a determination by comparison of two quantities expressed in a given substance. From this we are compelled to assent that value is a quantitative relation. They are so in obedience to psychological law, for the human mind is subject to physical law like all other physical things. Marx, to illustrate his point, takes the question of weight. When we weigh things, we compare, and our comparison is one of quantity in a given gravitating substance. How do we weigh articles? By ascertaining their gravitative force, usually by a pair of scales. The articles we compare must both have one substance, the property of weight. There would be no comparison if we compared the sound of a gramaphone with the brass weight. It is clear, then, when we analyse a value relation our task is to find the substance by means of which we compare? Our presnt task is to find the substance of exchange-value. We have acknowledged that a commodity is our unit of capitalist wealth, and our comparison is, therefore, between two commodities, which takes place at the point of exchange because it is there the equation is made. We produce commodities, and then distribute by means of exchange. Our method of distribution thus compels us to find the exchange-value. We can agree without argument that the value-substance is in the commodities before we exchange and compare them just as the weight is in a cabbage, and in the iron or brass weights before we put them into the scales. From this circumstance we call exchange-value an objective relation, because the object is there in the commodities in front of us, and all that is required is to measure it. By common consent there are two substances only by which the value of commodities can be expressed—utility and labor. Of course, we can have as many values as we can find substances to make a comparison. Thus we can have bread values, cloth values, land values without number. But for general purposes we can include these in one category, and call them use-values, or things of utility, as they can all be ranged under this title, so for the purpose of argument we can agree that our substance must be either utility or labor. How do we test utility? At the point of exchange? No. We can only test it by means of consumption. We realize the utility or usevalue of a pair of boots by wearing them. Sugar is useful to me because it is sweet, and I test it by tasting it, or consuming it—not by exchanging it. Utility is evidently of a subjective character, varying with the taste of each individual. I like acid drops, you prefer cloves. The utility of the two depends on our tastes. It is evident that utility has to be discarded as the substance of exchange-value, because it cannot become manifest at the pont of exchange. If utility was the test of value, a man ought to pay more for a loaf when he was hungry than when satisfied, but the price of a loaf remains the same whether a man is hungry or not. Exchanging a thing does not tell us its utility; that as we see, depends upon its consumption, so we have to fall back upon the only alternative—labor.

Can we measure labor at the point of exchange? Yes, by means of labor-time. Ascertain the time taken to produce two commodities, and we know their relative exchange-value. And this quality tallies with market valuations. Reduce the labor in a commodity by means of some labor-saving contrivance, and the price falls. Let conditions change, and more labor be expended on it, then the price rises.

Marx, in dealing with this question of value, made an important discovery, which forms the greatest contribution to political economy since the time of Aristotle—namely, that of reducing labor to the abstract. The different kinds of labor are too numerous to count, but we can view them in the abstract as one product—human energy. Thus when we compare commodities, we compare them as products of human energy, and not as samples of carpentry and shoe-making labor—a fact which had escaped previous economists.

So far as creating value is concerned, then, one man creates as much value as another, and on the basis of equal labor time equal value, Socialists rest their argument of social equality.

Price Form of Value

Briefly put, an exchange of two commodities is an exchange between labor; we are, however, confronted with this fact, that the market does not say that a commodity is worth so much labor, but it is worth so much money. This brings us to the price-form of value.

In dealing with wealth, we saw that a commodity had to be selected to measure other commodities, and that every commodity, as a consequence, had to assume the money-form of wealth. We do not under capitalism measure things directly by labor time, the true standard, but by their price. If we consider a moment we shall realise that exchange value can have no direct time standard. For how is the market to know the exact time that one manufacturer takes to produce a commodity as compared with another. Besides, manufacturers are very secretive as to their methods of production. The consequence is that the market has to fall back upon the price-value-form of the articles, such price being settled by higgling, or competition. We are so used to pricing things that we never consider what it means, and we do not suppose one in a thousand could explain it if asked. Yet it is very simple. We say boots are worth half-a-sovereign. How do we mentally arrive at that and conform to all the conditions attached to value? Why we turn our boots, by imagination, into a piece of gold, then we compare it with a sovereign. As soon as our boots assume the gold form, the rest is easy. We can compare the two pieces of gold by their weight. And that is what really happens. We fulfil by this method all the conditions attached to value. By reducing all commodities to gold, we reduce them to gold-labor and though we may not precisely know the time taken to produce half a sovereign, we know, collectively considered, that the time taken to produce one half- sovereign is equal to that of any other. The price-form measures two quantities by one substance, by means of their weight, and this is how the capitalist system arrives at the value of commodities. Weight becomes thus the standard of price, and price becomes the exponent of exchange-value. Now price being an ideal or imaginary form of value, is also subject to the vagaries of the imagination, and thus we price the value of honesty, and all sorts of absurd things, which are really not commodities. Such things often disturb the student of economy. By studying the price-form of value, however, we get an explanation of many seeming anomalies which arise out of the complex social relations going on around us. Take, for instance, the sale of sites. Why does a piece of land fetch such a high price in the City compared with other situations? Because the City represents a place where business can be done on a large scale. There a greater quantity of profit can be realised, and a buyer is glad to pay $5,000 that he may enjoy $10,000 which the site enables him to secure. Thus there arise discrepancies between price and value, similarly as between price of production and the cost of production.

But we are digressing. Before dealing with cost of production, we have to deal with surplus-value, and to do that we must analyse constant and variable capital, labor and labor-power, then we can return to price of production and cost of production.

Capital.

For the better analysis of capital, Marx divides capital into two divisions—constant and variable. These respectively represent the means of production and wages. The reason Marx uses the term "constant," is because anything in the nature of plant cannot alter its value when transformed or changed into another product. For instance, a skin of an animal is worth a sovereign. When converted into a rug, the skin, by itself, still represents a sovereign, neither more nor less. The same argument applies to a building, a machine, or any other instrument of production. The old economists used to divide capital into many divisions. They would put a building in one category, because it was a long time circulating, and they put seeds and such-like things in another category because they circulated quicker. These latter divisions are really useless. What concerns us is whether that portion merged in the new product alters its value. Marx points out that instruments of production cannot change their value when transformed into a commodity. That is, if a capitalist buys a machine worth a thousand pounds, it can only impart the value of a thousand pounds, and whether this value is imparted in one year or ten makes no difference from its value point of view; and he, therefore, applies the term constant to this form of capital—constant, because it has no power to expand **its value.**

With regard to wage-labour, or labour-power, Marx shows that its value changes when it is transformed into a commodity. Thus a man who sells his labour-power for a given sum imparts three or four times its value into a commodity, and for this reason he calls that portion of capital which is spent in wages variable capital, as it increases its value when embodied in a product.

Labour-Power and Labour.

We have already touched upon Labour. Upon analysing it, we find we require three terms to express its variable phases. (1) One to express labour as stored up in a man's body; (2) one to express its activity; (3) one to express its embodiment in a commodity. Generally only one is used, which has led to some confusion in ideas. Marx observed this, and he introduced the word labour-power, meaning the power to labour. It is this power to labour which the workers sell to the capitalist in exchange for a wage. Firstly, labour-power is the crystallised energy of the worker; secondly, labouring or working expresses the expenditure of this crystallised energy; and, thirdly, labour expresses the embodiment of this energy in the product. The only evidence we have of expended labour is, of course, the objective form of the commodity. We know that a chain has labour embodied in it because of its form. Now labour, like value, must also be looked at from the quantitative and the qualitative standpoint. When we regard labour as human energy only, we ignore its qualitative side.

Objection is often taken to Marx reducing all kinds of labour to one given quality, and only counting them as simple energy. The objectors are not very logical, however, for they never object to the capitalist doing the same thing under the price form. The capitalist, when he sells a commodity, never thinks about the various kinds of labour in it. He calculates them all in gold, which is only stating that every commodity is equal to gold. and therefore to gold-labour, to affirm which is equal to saying that there is only one quality of labour—which, in the eyes of orthodox economists, is Marx's greatest sin.

Surplus-Value.

We have now to deal with surplus-value. Marx means by this term the difference between the cost of labour-power and the value it creates. The worker toils 48 hours. His wages represent twelve hours, the 36 hours represent surplus-value. Or it can be put in another way. A number of men are agriculturists. Their labour-power costs £100. The products of their labour are put on the market and realise £400—a difference of £300, which is the measure of their exploitation. The same argument applies to other industries. If a man produces the equivalent of his wages in the first three hours of his day's work, it is plain that if he work twelve hours he is exploited of nine hours' labour. The latter portion, therefore, represents unpaid labour, or surplus-value. By this means the capitalist not only gets an equivalent for the wages he disburses as variable capital, but an addition, which enables him to add to his plant and to live in luxury. Millionaires accumulate their hoards because they tap or get tribute from a great number of workers, or draw from a surplus fund which has already been accumulated by other capitalists, as on the Exchange Market. Surplus-value, be it noted, is a subsidiary form of value. The capitalist enters into production, and he purchases machinery, plant, and labour-power, which represent so much value. When he places his commodities on the market he realises more value than their cost of production. That part of value which the capitalist gets for nothing, and on which his class and the aristocratic classes fatten is surplus-value, or unpaid labour. Value is a general term, used as an equivalent to express the whole of the time worked on a commodity; surplus-value is that portion of the time for which no equivalent is given.

By analysing the returns of the income-tax, various economists show that the value received by the working-class and the superintendents of labour amount to a third or less of the wealth produced. The income-tax returns, however, are not a very reliable test of the degree of exploitation, though, of course, they afford us valuable and incontestable evidence that the worker does not receive more than a third of what he produces. One to four, or one to five, in my opinion, expresses more accurately the rate of exploitation.

"Price of Production"—"Cost of Production."

In our examination of the price-form of value, it was shown clearly that the price of a thing did not necessarily correspond to the exact amount of labour embodied in it, although in the mass prices would do so. Some people imagine that there is no limit to prices, forgetting that price at bottom is a labour estimate of one commodity with another. A little thought will show that the sum of prices cannot exceed the hours of labour. For instance, if the gold commodity on which prices are based represent 100 million pounds because it takes 100 million days to produce it, and the rest of commodities represented one thousand millions on the same basis, then it would be useless for individuals to estimate their commodities beyond the 1,100 millions minus 1, as there would be no products to represent their price value.

The high prices of pictures and objects of virtu, etc., are often a source of perplexity to the student. We can only observe here that the accumulation of surplus value in the hands of a small class enables individuals to indulge in peculiar ways to ostentatiously display their wealth in order to gain the homage of the people or excite the envy of their fellows. Thus one man will give fabulous sums for special pictures, and another will do the same for old china. Such prices may increase as the mass of surplus value increases in the hands of these individuals.

"Price of production" corresponds to the market price, and the market price corresponds to the money-value of the article. "Cost of production" represents the amount of actual labor embodied in an article. "Price of production" represents its money value in the market in accordance with the historic development of capitalist prices. To recapitulate: society creates so many commodities, expending on their production so many hours of labor, the latter being their real cost of production. But when they are placed upon the markets, the number of hours does not tally with individual commodities. Some commodities with ten hours of labor may actually sell at the same price as those containing two hours of labor.

"Cost of production" and price of production" are often used as synonymous terms, which leads to confusion. Marx in some of his writings, as for instance in "Wage-Labor and Capital," leaves the reader in doubt sometimes as to the interpretation he wishes to put upon the phrase, "cost of production." For the above reasons, I have accentuated the difference between the two phrases.

The "composition" of capital expresses the relation between the variable and constant capital, both of the later altering as the conditions of production vary. For instance, the adoption of a new invention in machinery in a given industry may cause less wages to be paid, and more material to be used. This at once alters the composition of the capital in that industry. The most advanced industries are those which have most successfully reduced the amount of variable capital, representing wages, and increased that of constant capital, representing plant and materials. By studying the variations in the composition of capital, we see how the labor-time may change in one commodity as compared with another, though prices remain the same. To illustrate this, let us for argument's sake assume that two capitalists deal with each other and exchange equally on the basis of 100 hours in their particular commodities. One of the capitalists reduces the labor-time taken to produce his commodity to 75 hours, and keeps this advantage for years, with no variation in his price. The other capitalist only gets the product of 75 hours for his 100. As time progresses, however, the other capitalist suddenly reduces the hours taken to produce his commodities to one-half, thus turning the tables on his fellow capitalist. It may happen that both of them may be unconscious of the economic conditions which have determined the price of their goods with each other. Competition, of course, comes in here as a regulating factor sooner or later.

Social conditions, it is evident, may enable one given capital to draw more products from the market in exchange than it is entitled to, for a long period of time, but the gain of one involves loss to another. Readers will see that underlying these two forms of capital, constant and variable, endless changes are possible, both in price and labor time, labor remaining the governing factor all the while.

General Rate of Profit.

Marx deals with these variations represented in price of production under the heading of "General Rate of Profit." For example: a capitalist invests his capital with a view of obtaining on it the highest rate of profit possible. Having done so, he quickly finds that competition compels him to alter the proportion of capital spent in plant, and that disbursed in wages. He is compelled to introduce machinery, which, of course, adds proportionately to his raw material and general plant. His wages bill may by this means become less, though his absolute amount of capital remains the same, or more, as necessity compels. The consequence is that the proportion of money spent in plant and in wages in the production of various commodities varies greatly in the course of capitalist development. All industries are subject to changes in the composition of their capital. First it is one and then another which takes the lead. These variations in the composition of capital of different commodities have a tendency to equalize. Marx takes up five of the most important industries, and demonstrates that their variation results in an average which, in a remarkable manner, shows how their price of production, when massed, conforms to their cost of production.

That the price of commodities gravitates to their labour-value is shown by the fact that, given their composition of capital, their price falls with the diminution of labor-time taken to produce them, and the converse happens when the time taken to produce them increases. Labor becomes, therefore, the regulating factor of "Price of production."

Marx then proceeds to elaborate this argument.

He goes on to say that if we look around we shall find evidence of certain commodities in a sufficiently primary stage of production to show that labor-time is the basis of their exchange. For instance, the products of a peasant proprietary more approximately exchange according to their real value than the fully-developed capitalist form of commodities. Again, when hand labor was predominant, products naturally conformed to their labor-time. Special work, however, would evolve special tools, instruments, and machinery, and with this specialization of tools, capital spent in plant and material would necessarily increase as compared with the capital spent in wages. The purchases of improved instruments and machinery would, from the point of view of capital expended, require the same profit on the money disbursed in machinery as if it were spent on labor, and thus a difference is set up which varies with the development of each particular industry.

The application of scientific methods and invention increases the productivity of labor, but very little indeed of this productiveness goes to the owner of labor-power. A certain number of workers, it is true, receive a higher rate of pay as superintendents, but that is accounted for by the fact that they relieve the capitalist of the onus of superintendence. Every invention, every improvement in production, goes to the capitalist, and thus the worker becomes relatively exploited more and more as capitalism progresses.

The proletarian (or man with no capital) sells his labor at its cost of production, which represents his standard of comfort. To account for the differences in the price of labor-power we have, as before intimated, to go back into history. The difference is founded on physical force, and commenced with the time when man forced his fellow-woman and fellow-man into slavery by the power of the sword. Exploitation commenced with slavery, was continued with serfdom, and is now being perpetuated by capitalism in the form of wage-slavery. Custom and convention caused men to acquiesce in their slavery and serfdom, and the same habit of thought possesses the wage-slave, who now looks upon his wage-slavery as a natural method of reward. Unhappily the principle of competition, which drives the wheel of capitalism, is compared by the worker to the natural law of the survival of the fittest in Nature, and he hr come to regard his servile position as being i.. accordance with natural causes, and not due to artificial law created by man.

The law of the rate of profit, while it explains the process of the differences in the prices of production, does not, of course, account for all the various methods of distribution of wealth. The arbitrary distribution of wealth commenced, as we see, with the subjection of man. The men of the sword made the laws in conformity with their interests, and to this day their descendants hold command of the Law Courts, the Army and Navy, and of the Government, which they use as a means of rewarding their own class. These men have ever exacted a tribute in the form of labor or rent, and with the development of the capitalist system they manage to extort their share of surplus-value. The new money Prince, Capital, has secured equal rights with the feudal lord, but the capitalist has not yet displaced him. He prefers to share with him the power to control the destinies of the social bees, to whom they allow a little that they may be robbed of much.

Owing to the "splendid" organization of our "captains of industry," each one producing blindly against the other, there is always going on a see-saw between supply and demand. Some economists recognize that though at times there may be a considerable disturbance caused in production by lack of supply or over-production, yet that over a given time supply and demand equal each other. John Stuart Mill went so far as to say that economists might always assume, in considering value, that supply and demand equated each other. This view has not altogether had the unqualified assent of the ordinary capitalist economist. Un-like John Stuart Mill, he has an axe to grind. He finds that the difference in supply and demand acts as a very convenient cover under which he may explain variations in prices and justify social inequalities.

Supposing, however, that value is governed by supply and demand, then it follows that value is dependent upon the difference between the two, and when they are equal, commodities have no value because there is no difference to express it. Thus Marx very pertinently asks: When supply and demand are equal, what governs their value? This question has never been answered. The capitalists, who kindly undertake for our advantage the industrial organization of the community, would, if they knew their business, keep supply and demand at an equation, for that is their business. Poor Ruskin, who was not a business man, once said it was their "duty." If capitalists should by any chance become more efficient in their business, this question put by Marx will become still more urgent, and our orthodox economists ought not to delay furnishing an answer to the question. Surely half a century ought to be long enough for learned professors of economy to answer such a simple query.

Economic Rent.

The classical definition of economic rent given by Ricardo is now generally accepted by orthodox economists. He describes it as being "that portion of the product of the earth which is paid to the landlord for the use of the original and indestructible powers of the soil."

Marx, in dealing with the subject, points out that economic rent so-called is the outcome of special social relations peculiar to the capitalist system. What Ricardo failed to see was that, under capitalism, land as a factor of production, becomes capitalized, according to its labor-saving attributes. Land which requires less labor to produce a given product than that of an inferior quality, is capitalized as being so much more valuable than the latter. Thus one acre may be valued at as much as four of another quality.

Ricardo, in common with other classical economists, overlooked the fact that the capitalist is not so much concerned about the fertility of a given piece of land as he is to secure a given rate of profit on his capital. The latter is prepared to pay a certain price for one acre, or, failing that, the same for four acres, as the case may be, so long as he gets his usual rate of interest on his invested capital. Fertility of the soil is thus of secondary importance to that of profit to the capitalist. It often happens that an acre of land which will produce 24 bushels of wheat and upwards may be less profitable to the capitalist than one which produces only 12 bushels, the former, in consequence, being compelled to fall out of cultivation. In fact, experience tells us that the less fertile soil of America competes out of the market the more fertile soil of England.

Economic rent is dependent on the amount of profit secured by the exploitation of labor. This view of the matter explains away the apparent anomaly of inferior soils competing out of the market superior soils. For example: A capitalist farmer employs a given quantity of capital on a fertile soil near a market, and realizes a profit. The landlord raises his rent accordingly. The farmer, as greedy as the landlord, soon tires of paying a tribute to his landlord in the form of economic rent, so-called. He shifts his capital to America, and employs it on less fertile soil than before, actually obtaining a higher profit on his capital. The reason is that a twenty-acre field in America under present social conditions turns out to be a more profit-making factor, requiring less labor and capital, than a ten-acre field in England, although the latter may be twice as fertile. Rent, it is plain, is not based on the difference between the fertility of the soil, but upon the fact whether the soil is a better instrument for the exploitation of labor with a given amount of capital.

The Ricardian theory pre-suppose land which pays no rent, which is an absurdity. It also ignores the fact that the fertility of land is not inexhaustible, and that its fertility has to be renewed by the application of labor.

The Marxian theory that rent is unpaid labor covers all the phenomena connected with land. The farmer pays rent for land, so that he may employ labor and exploit it; but he cannot do this without entering into social relations with the landlord. The particular social relation that binds the farmer to the landlord is the landlord's proprietary right in the soil which enables him to exact a toll on the surplus-value the farmer gets from his laborers.

The same social relation which demonstrates that economic rent is a tax on labor also applies to the rent of sites. A high rent is exacted from tenants near a market town or city because the landlord sees his opportunity of participating in the profits secured by the occupier. Rent, under such circumstances, will rise with the profits secured by the tenant.

Those who wish to study the question further should read "Economics of Socialism," by H. M. Hyndman, and Marx's "Poverty of Philosophy."

General Remarks.

Marx, at some length, shows how the principle of exchange, when arrived at a given stage of development, overcomes all obstacles to its progress. The old system of feudalism, with its cumbersome methods of production, gives way to the labor-saving appliance and improved method of distribution which capital enables to be introduced. Serfs as free laborers are more profitable as artisans and factory hands, and feudalism passes aw... return no more. But this increase of produc... does little to improve the workers' positic... The wealth they produce goes into the hands of the capitalist and those of the aristocratic class, the latter still retaining its grip on a great portion of wealth produced under the superintendence of the capitalist. The accumulation of wealth is aided by the law of competition both capitalist and worker having to bow before it. The capitalist has to compete to secure the market, which he does by lowering the cost of his commodity, and the worker has to compete with his fellows for the right to labor. As the market expands, it becomes possible for large capitalists to cheapen production by increasing their machinery and buying in larger quantities, and by specialization of labor, to compete the smaller holders of capital out of the market. Hence we get the company form, and then a combination of companies into combines and trusts the greatest examples of which we see in America, in Rockefeller's oil and steel trusts. Competition leads to monopoly, and is a refined form of conflict similar to that which takes place in brute evolution. It is only a matter of time for all industries to develop into the trust form. These, in their turn, will compete, as science can often destroy one industry and give rise to another, and thus assist continuous competition and friction. We have here sketched the natural law of direct evolution of the trust, but, as M. Lefage, the French naturalist, warned Darwin, we must not dogmatise on direct descent in physical evolution, so must we be careful not to dogmatise too much on the direct development of all industries into the trust form, for it is possible that many of the industries may never reach this stage of the ripe trust, they coming under the influence of, and developing under other laws—the laws of collectivism and co-operation set up by society itself in opposition to capitalist individualism. The triumph of the company, the combine and trust is also a victory for the law of collectivism, for the amalgamation brings into one combination competing capitals, and then separate establishments, thereby economizing labor and capital. This amalgamation of capital and consequent growth of collectivism become, equally with the latter, a triumph for co-operation.

As capital increases, it continues to bring under one roof a greater number of workers who, instead of competing for the market under various capitalists, now co-operate under one capital, and with further accumulation of capital, there correspondingly grow collectivism and co-operation, which are the antitheses of competition and of capitalism.

Capitalism, and its dominance over the forces of industry, appear so great that it overshadows all other forces which are growing up silently side by side with it. But national and municipal bodies grow up, whose powers and multiplicity of functions increase with time, until we find them coming into conflict with possessors of capital, who openly declare that public bodies are taking up their functions. So great and so powerful have these municipal and national bodies become, that the people are beginning to recognize in them the working forces of collectivism and co-operation which they fail to appreciate under the dominion of the larger capitals. Thus many industries are being taken over by municipal bodies which will prevent them reaching the higher competition stage of the trust form. Under this heading we may instance the supply of [illegible]ter, lighting, housing, and various forms of transit, and we anticipate before long that industries connected with our food supply will be taken up with a view to palliate the miseries which capitalism entails.

Capitalist accumulation will go on increasing, but so will municipal and national production, and with it the class-consciousness of the worker, who will politically support social collectivism for the benefit of his class. There can be but one issue—victory for the people.

And what does this victory mean?—Universal co-operation, securing the well-being of every individual. At the present hour it is calculated that the wealth of the United Kingdom exceeds 2,000 millions per year. This divided among 40 millions gives £250 per family. It is said that the abolition of waste labor and the [illegible]ption of the idle classes would quadruple the production. £1,000 per year per family is a very good standard of comfort under a co-operative system of living.

Universal co-operation with an assured subsistence for all means the abolition of classes and the establisnment of social equality.

Much of the opposition to Marx's teachings arises from his triumphant claim that the substance of value is labor denuded of the Fabians' rent of ability. Men and women like to dominate and keep others in subjection to them. An assured subsistence to all means that no one will place himself in a servile position to another, and this accounts for the opposition of those whose brute animalism prompts them to oppose a system which offers no prospective pleasure for the exercise of those propensities acquired in an age of animalism

A great deal is made by Marx's opponents of the claim that the differences in individual talent ought to correspond with their share of material products. The answer to this is that each social economic unit equals each other, and that all healthful men and women possess faculties, when trained. which will enable them to produce more than sufficient for their wants. Thus it would be idle to give a man more than he needs, which would be the case if differences in the award of wealth were made according to supposed talent.

With the abolition of social inequality will also come the abolition of those physical and intellectual differences which are so marked to-day. As soon as society feeds, clothes, and carefully educates its members, it will at once tend to restore a physical and mental equilibrium between its members. The individuality of its members will be maintained by the special cultivation of a given number of their faculties in the following of certain pursuits in arts, science, or philosophy, as the case may be. Thus we shall, comparatively speaking, secure in the future a race of healthy giants, whose individuality will consist in the specialized culture of their intellect, whch, in its turn, will form the basis of an intellectual individualism upon which the future progress of society may securely rest.

In giving our concluding remarks, we cannot impress upon the reader too much that to understand Marx thoroughly, great attention must be given to the price-form of value, for we believe it was through his patient study of the money-form of commodities that Marx conquered all the difficulties attending his analysis of the capitalist system. The conclusion forces itself upon one when reading his first work, "Economique Critique"

His philosophical studies convinced him that an exchange of two commodities implied an equation. Exchange-value to Marx, like all other comparisons. resolved itself into a quantitative relation in the terms of a given substance. These facts were already apprehended, though imperfectly, by the classical economists. Experience forced them to consider labor as the substance of value; but to exalt labor was to depreciate capital, and condemn profit, so they fell back on the shibboleths of "supply and demand," "economic rent," "the reward of abstinence," "rent of ability," etc., to justify the exploitation of labor.

Marx, of course, had still to explain how one commodity with many hours of labor came to exchange with a commodity containing less.

To say that labor, governed by time, is the substance of exchange-value, is to assert that one hour's labor is equal to that of any other, and to affirm that the amount of labor in a shilling's worth of ordinary matches is the same as that contained in a shilling toy at a West End bazaar, when it is patent to all that the matches represent at least ten times as much labor as the other.

Furthermore, labor-power being a commodity, that also should, approximately at least, attain to an even price, whereas it varies as 1 to 100.

These facts seemed to destroy the basis of Marx's labor equation, which implied a determination of equal quantities.

The price-form of value solved this difficulty for Marx, for it showed him that it turned all commodities into imaginary pieces of gold, and then measured them by means of their weight. An ounce of gold is, of course, equal to any other ounce of gold, and it must necessarily follow that on the average the amount of labor in one ounce of gold is equal to that contained in any other. The price-form of commodities, notwithstanding any variation in their cost of production measured by labor, conforms to all the conditions laid down by the laws governing comparisons, and enabled

Marx to sustain his proposition that labor was the substance of exchange-value.

The price-form of value solves many difficulties. Marx, by studying the effect that the amount of interest, or, as he calls it, "the rate of profit," had upon the price of commodities, coupled with the variations between "constant" and "variable" capital in the development of an industry, discovered the key to these seeming anomalies. Capitalists, says Marx, enter into production to get profit or interest on money. It is a matter of indifference to them whether they spend their money on machinery or on labor so long as they get a return in the form of interest. To beat a competitor they spend more money in machinery and plant, and less in labor. They produce quicker, and with less labor, a given commodity. Its price, however, may still remain for some time approximately the same. However this may be, there is set up a great difference between the amount of labor in that as compared with other commodities. Competition equates many of these differences, and in the process of time these commodities become fixed in price, and maintain a given proportion or disproportion of labor, as the case may be. These disparities between the labor-time contained in commodities are also reflected in the price of labor-power, which is explained best by considering the origin of the differences in the price of labor. To reduce the differences of labor-time which lay hidden in the price-form of commodities, we must go back to the first form of exploitation—that of slavery—before the price-form of value existed.

Slaves are equal producers with their masters in the first instance. The only difference between slave and owner is that the slave has to be content with a portion of what he produces, the other going to keep his master. In time, when slaves become numerous enough, their surplus product becomes divided between the family and individuals who assist in maintaining the slaves in subjection. The number of this exploiting class depends upon the number of slaves. The number of idlers who live upon slaves must necessarily be small as compared with the producers. When slaves become serfs, the same principle of exploitation continues. There grow up, of course, ever so many more grades of workers and shirkers, whose powers over consumption express their power to exploit their fellows. When the conditions of production, exchange, and capitalism become supreme, those who have control over the means of production pay their serfs wages instead of allowing them to produce their own subsistence and then work for their serf lords. Those serfs who have been allowed as artisans, retainers, and superintendents, to have a greater share over consumption than wage-slaves, receive as wages the equivalent of what they had in the past secured, and thus the social inequalities and evils of exploitation attached to slavery and serfdom are handed down to the present day. Convention sanctions the power of the sword, on which slavery and serfdom are based. Men now receive as wages not what they earn, but what they can secure as remuneration, governed by the social influence they have in society. The aristocracy control the land, the capitalists the plant and machinery, and between the two are divided all the political forces and also control over the Army and Navy and Law. Thus the price of labor is a reflex of the exploitation by force which was carried on under slavery. So many men work so many hours, and produce a given quantity of wealth. Society allows their products to be divided up by individuals or classes of individuals, according as they claim it under the form of rent, interest and profit, or cost of subsistence. Because one man has a power over consumption equal to £100, and another equal to £10, it does not follow that the former produces more or that the latter produces less than the other; the question is not one of earning, but social power over consumption. On an average all produce the same. Any variation over command of wealth is due to forces which can only be explained by studying history.

Marx is also celebrated for his adoption of what is known as the "Materialist conception of history," by means of which he is said to reduce all men's activities (including physical, mental and moral) to the forms of production. Very few of Marx's works are translated into English, but we know that Marx was a sociologist, who regarded economics as a branch of that science. He saw that so long as the means of life were held by a class then those dependent on them would, within certain limits, be controlled by their economic environment. His book was written with the hope and purpose of freeing society from capitalist domination, and giving it democratic control over its economic forms of production. This view appeals to us as a reasonable and right one, and does not land us in the coils of an absolute economic determinism or economic fatalism, which are only forms resurrected from the study of the absolute.

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