

EDITORIAL

WILSON ON SUPPLY AND DEMAND.

By DANIEL DE LEON

WOODROW WILSON is of the opinion that at present “prices are not fixed by the competitions of the market, or by the ancient law of supply and demand which is to be found stated in all the primers of economics, but by private arrangements with regard to what the supply should be and agreements among the producers themselves.”

“Competition” and “Supply and Demand” are not invertible terms.

Under “Competition,” owners of goods may, and often do, sell at prices below the cost of production. There is immediate loss in such transactions. But the loss is deliberately incurred. It is incurred with a gnashing of teeth as a tactical move in war from which ultimate gains are expected, large enough to make up for all present loss. Accordingly the “price” that “Competition” dictates is like the loss of limb and life on the battlefield. It is dead loss. It is wastefulness. It is the consequence of a positive evil—planlessness of production—anarchic production.

How about “Supply and Demand”?

The goods, the price of which declines in the market owing to an increased supply, are not necessarily “sacrificed”; they are not “present loss,” expected to be made up with later gains. At least not in the normal course of things. With the improvement of productive methods, a decreased quantity of labor-power is crystallized in goods; with the decrease of crystallized labor-power, there goes a decrease in value; decreases in value, due to improved methods of production, go accompanied with an increased supply. Thus it is not “Supply and Demand” that normally determine prices, but “value.”

“Supply and Demand” is a force that may flow from other quarters of the compass. The above analysis establishes, however, the sharp distinction that there is between “Competition” and “Supply and Demand,” hence in the consequences that

flow from both.

Woodrow Wilson's conception of "Competition" and of "Supply and Demand" are fundamentally wrong. From the error of the conception flows also the error of Woodrow Wilson's political posture.

Civilization pushes for an ever increased supply. "Competition" rather works in the opposite direction. Furthermore, an increase of supply, unaccompanied with other changes, in no way accrues to the benefit of the wage earner. The upshot of it all is that when the school of economics, of which Woodrow Wilson is a pupil, assails "private arrangements," it rings no alternative other than "Competition"—a change of coffin for the proletariat.

Transcribed and edited by Robert Bills for the official website of the Socialist Labor Party of America.
Uploaded December 2013

slpns@slp.org