EDITORIAL

WAGE AND PRICE.

By DANIEL DE LEON

A NOOTHER economic error that is common with a many-sided tenacity, and that it behooves the serious worker in the vineyard of the Labor or Socialist Movement to combat, is the error that a rise or fall in the exchange value of labor-power will be followed by a proportionate change in the exchange value produced by the worker; in other words, or as the same error is more commonly expressed, a rise in wages compels a rise in prices.

In this as in all other matters of this nature, one must go back to “first principles.” The “screws” must first be “tightened” on the terms that are used—“value,” “price,” “wages,” “labor-power,” “surplus value,” “profits.”

The “value” (exchange value) of a commodity is determined by the amount of labor-power crystallized in it, and socially necessary for its production. To illustrate:

If the socially necessary amount of labor-power to produce 1,000 yards of calico is the same as that required to produce 10 pairs of shoes, or the amount of gold contained in 30 dollars, then the (exchange) value of 200 yards of calico is equal to 2 pairs of shoes, and equal to 6 dollars.

If the methods and facilities of production in the manufacture of calico are so improved that 2,000 yards of calico are turned out in the same time that 1,000 yards were turned out before; in other words, if the socially necessary amount of labor-power contained in 1 yard of calico is one-half what it was before, then, provided there is no change in the methods of production of shoes and of gold, the (exchange) value of calico, shoes and gold will be 200 yards of calico, equal to 1 pair of shoes, equal to 3 dollars.

If the methods and facilities of production in the manufacture of shoes are so improved upon the original method and facilities that 20 pairs of shoes are turned
out in the same time that 10 pairs were turned out before; in other words, if the socially necessary amount of labor power contained in one pair of shoes is one-half what it was originally, then provided there is no change in the methods of production of calico and of gold, the (exchange) value of shoes, calico and gold will be 1 pair of shoes equal 50 yards of calico, equal to 1 dollar and 50 cents.

If the methods and facilities in the production of gold are so improved upon the original methods and facilities that the ogold in 35 dollars consumes no more socially necessary labor-power than was originally contained in 30 dollars, then, provided, again, there has been no change in the production of the other articles, the dollar, 6 of which originally exchanged with 200 yards of calico and 2 pairs of shoes—will have so declined in value that it will now take 7 of them to exchange with 200 yards of calico, and 2 pairs of shoes.

And so on under all variations, relative and absolute.

The “price” of a commodity is the dollars-and-cents expression of its (exchange) value in the market under normal conditions. When the market is perturbed, the price either falls below, or rises above the commodity’s value. In the long run “value” and “price” coincide. In the instance of the calico, shoes, and gold, their price is what they fetch in the market.

“Wages” is the dollars-and-cents expression of the value of the commodity labor-power.

“Labor-power” is the commodity that the workingman has to sell. The feature of this commodity is its peculiar “use value,” which consists in yielding more wealth than is equal to its own (exchange) value.

“Surplus value” is the name given to that portion of the wealth produced by Labor in excess of the (exchange) value of labor-power. If the “wages” (normal exchange value of labor-power) are 1 dollar, and that same labor-power yields an amount of wealth equal to 5 dollars, then the “surplus value” is 4 dollars.

Finally, “profits” is the name given to “surplus value” in the ledger of capitalist economics, and of the sort of morality that flows through capitalist economics. On the books of the capitalist the “surplus value” in the preceding illustration is called “Profits.”
Keeping these laws and facts firmly in mind, and drawing the conclusions that logically flow from them, it is economically untrue that a rise in wages must be followed by a proportionate change in the exchange value of the goods. The economic conclusion is that a rise in wages is followed by a decrease of profits.

The volume of wealth, or values, produced by Labor depends not upon wages. It depends wholly upon the time expended in production, regardless of wages. If, say, the wealth produced by Labor equals 1 yard in length, and the wages equal 6 inches, then, the profits are 2 feet and 6 inches. If wages rise to one foot, the consequence is not that the yard will be increased; the consequence would be that the profits will decrease. They will decrease proportionally as wages increase. In the instance given, profits would decrease to 2 feet. If wages rise to 2 feet, profits will shrink to 1 foot. How, then, if wages rise to 3 feet? In that case the capitalist is wiped out, and the capitalist system vanishes. Higher wages cannot possibly justify higher prices economically, for the simple reason that higher wages do not increase the volume of wealth. If for goods in which there is crystallized no greater volume of labor-power than before, the capitalist could demand a price above their value, then he surely would not wait for higher wages to afford him the opportunity for the arbitrary act. He would do so without wages rising.

Again, we say, economic laws or theories are not worth shucks but for the practical, tactics-laden conclusions they lead to. The above economic laws and facts—

First of all, demolish the labored and pretentious arguments of the pseudo Marxists in the Socialist party who sneer at Unionism, and claim it only moves in a circle—higher wages bringing a higher cost of living, thus leaving the Union practically where it started;

Secondly, they explain why all improvements in wages that Unions may win are now lost. Seeing that the increase in wages normally reduces profits and thereby tends to flatten out the capitalist class, the effect of improvements must be neutralized somehow. This is done by the Civic-Federationized and Militia-of-Christized labor-lieutenant of the capitalist class. One of their methods is to echo the employer’s false pretense of having to “recoup” himself. The conduct of the capitalist in such cases is but extortion—an extortion that he can practice only by his private sheriffs or lieutenants—the Civic-Federationized and now Militia-of-
Christized Gompers-Mitchell crew.

Finally, these economic laws and facts converge to demonstrate the necessity of Unionism, that is, bona fide Unionism, with all that thereby hangs.