

DEMAND AND SUPPLY UNDER SOCIALISM.

MANY people regard the roulette-table merely as a means of frivolous and iniquitous dissipation; and any one who is capable of the moral condescension of studying it, which he can best do by playing a system at Monte Carlo, will probably lose his money if he plays for any length of time; but he will find in the table a most vivid illustration of a truth which is connected with chance and gambling in only an accidental way.

Except for the zero, which we need not consider here, the player who stakes on any of the simple chances,—the red or black, the odds or evens, the *passee* or *manque*,—has a chance at any one *coup* which equals that of the table; and what he wins, if he wins, is the precise sum which he has staked. If, however, he loses, he can double; and if he wins the second time, the sum which he wins is the sum which he staked the first time. Thus, if a man sits down to play two *coups*, his chances of winning the amount of his first stake are double his chance of losing it: and this doubling process, at Monte Carlo, where the limit is six thousand francs, he can continue, if he starts with a single five-franc piece, for eleven *coups*. He may lose ten times in succession; but if he wins the eleventh, he gains a five-franc piece—namely the sum of his original stake. A man who sits down to play in this way has eleven chances of winning his original stake, as against the table's one chance.

It may seem, therefore, and it has seemed to countless persons, that a player who plays thus quite alters the original situation, and has successfully circumvented the persons who designed the game. Such theorists, however, overlook what is really the essence of the situation. The player who, beginning with five francs, has lost ten times in succession, may yet recover his losses, and win five francs by his eleventh stake; but this eleventh stake will be more than five thousand francs. He risks five thousand, and has already risked all his former stakes, for the sake of winning five francs. In fact, to gain, by the doubling system, an advantage of eleven to one against the table, the player must be prepared to risk something like ten

thousand francs for the chance of gaining five francs. In other words, a player for a certain number of *coups* can always alter in his own favor the evenness of the original chance; but he can secure this advantage in one way only—namely by paying for it. If he wishes to have eleven chances of winning five francs as against one of losing them, the lowest price at which he could possibly buy this privilege would be to allow the tables one chance in twelve of winning fifty-five francs. Thus, let the player merely play eleven times, and the original equality between the chances of gain and loss is restored. That is to say, in spite of all systems, the game remains, what it obviously is for any single *coup*—a game of hazard.

I have called attention to the roulette-table because it constitutes, in the respect just mentioned, a most vivid analogy to a fact in human life which social reformers either never realize or else constantly forget, just as the inventors of this or that infallible system forget, or have never realized, the corresponding fact at Monte Carlo. That fact is as follows: The fundamental difficulties, the fundamental imperfections of social life, are due to human nature, and inherent in human nature, just as in the game of roulette there inheres the character of hazard; and the different social systems which have been designed by Utopian reformers would—supposing such systems to be put in practice—change the form of these difficulties and imperfections and disguise them; but their essence would remain, and the reformers would still be confronted by them, and confronted by them in an aggravated and far more unmanageable shape.

Of this great truth there is no more important and no clearer example than one supplied by a case in which the socialistic dreamer foolishly imagines himself to have discovered a triumphant contradiction of it. This is the case of supply and demand, and the effect which the relation between these two factors necessarily has on values, on prices, and on wages,—or, in other words, on the subsistence of the manual laborer. Socialists imagine that were all private capital appropriated by the state, and all the products of Ability confiscated,—either to supplement the wages of Labor, or to be used for some public purpose,—the laws of supply and demand would suddenly cease to operate; and that the wages of the men who produced any one kind of article could be adjusted so as to meet what might be considered their reasonable needs, without any reference to the men who produced the other kinds of articles required by the community as a whole, and without any chance

being involved of injuring these last, and of rousing their hostility. Thus, when Socialists are pressed with arguments which relate to demand prices, and when it is argued that the maximum limit of wages for the producers of any given article is fixed, not by how much the men want who produce it, but by how much the article itself is wanted by the men who, it is assumed, will purchase it,—the Socialists, when these arguments are pressed on them, invariably take refuge in saying of them that, if they are true at all, they are true only of society under the existing system; that they are true only—here is one of their favorite phrases—under the “*régime* of cut-throat competition”; or, in a phrase more frequent still, that “there is all the difference in the world between the production of articles for use and consumption, as they would be produced under Socialism, and the production of articles as commodities or for the purpose of exchange, as they are produced now.”

Idler and more foolish language than this was never used. I propose to show that, in a socialistic society,—supposing such to be possible,—a society in which the socialistic principles were developed to the very uttermost, the law of supply and demand would make itself felt, not with less force than at present, but with a great deal more; and that were every private capitalist and private employer abolished, all those difficulties and all those conflicts of interest which now manifest themselves in agitations, in lock-outs and in strikes, would manifest themselves afresh in different and yet more destructive forms. The personal disappearance of the private capitalist and employer would merely leave more apparent the enduring and inexpugnable nature of the facts and forces represented by him.

Let us begin by examining the socialistic fallacy in that bald and crude form to which I have just referred. Stated categorically, this fallacy, so often repeated, is as follows:—that the community under the *régime* of Socialism—as the word is now generally understood—*would no longer produce for exchange in the way in which it does now*; or, to put the matter in other words, *it would produce for consumption in some way radically different from the way in which it now produces*. I propose first to point out to the reader that this statement is so absolutely and transparently false, that it could hardly have imposed on any human being, if it were not that it were used to mark two other propositions, equally false, but at first sight more plausible, which propositions I shall proceed then to

examine. But, before even mentioning these, let us get the original fallacy quite out of our way. Let us make ourselves quite clear that whatever Socialism might do or might not do, it would do nothing to alter the *rationale* of production in this respect; but would leave the producers producing for exchange, just as they are doing at the present moment, and producing for consumption in no other sense than the very real sense in which at the present moment they are producing and necessarily must produce.

In order to understand clearly these two limits of production, let us begin by considering production in its rudest and simplest stages.

An isolated individual, such as Robinson Crusoe, or an isolated family living in a very remote district, may no doubt afford us examples of what the Socialists talk about,—namely, genuine production for consumption, as opposed to production for exchange. The isolated individual will practise every craft for himself. He will be his own husbandman, his own potter, his own clothier, and his own mason. The isolated family will do the same things between them. Each individual will practise several crafts, the result of which will be enjoyed round a single hearth. But the result in each case will be rude and simple in the extreme. This is by no means the state of things which the socialistic reformers contemplate. They do not propose to lose any one of the advantages which communities as a whole have gained by modern industrial progress. They only propose to alter the existing system of production so as to redistribute its results, not to alter its methods; and there is not a single scientific Socialist who does not understand, as fully as Adam Smith did, that of all civilization, of all industrial progress, the great underlying condition is a minute division of labor. Now, if division of labor means anything, it means, before all things, this: that, of the products needed by the very poorest man in the community, of the very necessities of life which he cannot live without consuming, he shall himself make only a very small part,—perhaps no part at all; but shall make instead something which shall be exchanged for what he consumes. Take, for instance, the case of a sorter at the post-office. He may accidentally sort one letter of his own out of a million; but if he does so this is a mere unimportant accident. His wages do not come to him in the form of any service he thus renders to himself, as they would were he a savage building his own hovel. Or, again, take one of the girls who roll cigarettes in the state tobacco-factories in France. She very probably does not smoke at all; and

at all events no appreciable part of her livelihood comes to her in the form of cigarettes which she herself rolls. And these two examples are all the more to the point, in that they are taken from industries which are always pointed to by the Socialists as examples and instalments of Socialism.

The statement, then, of the Socialists that production under Socialism will be production for exchange any less than it is now, is, if we take it as it stands, merely an ignorant or dishonest formula, which will not stand a single moment's examination. We shall find, however, that under the surface this statement covers two meanings, which, though really equally false, and, moreover, mutually exclusive, are not, when taken separately, by any means so palpably absurd. Indeed, before they are closely analyzed, they can both be expressed in one general proposition: namely the proposition, not that under Socialism production would not be production for exchange; but that the proportion in which each class of products exchanged for others—or, in other words, the remuneration of each producer—would somehow or other be regulated on different principles. This proposition, however, when we come to analyze it closely, will be found to mean one or the other, and sometimes both, of the following contradictory things. It will be found to mean either (a) that, as regards the individual producer, *the true exchange-value of his products will be estimated according to a new and truer standard*; so that each man, whatever commodities he produces, will receive a full equivalent for them; or else (b) it may mean that *what he receives will have no necessary connection with the amount of these commodities at all*, but will be apportioned to him, as the Socialists put it, "not according to his deeds, but according to his needs."¹

The essential difference and antagonism between these two ideas or theories can be illustrated very simply. Let us take the case of two men, neither of whom smokes, but whose occupation is to roll cigars: and we will suppose that one man, who is very energetic, rolls a thousand cigars a day; the other, who is more indolent, six hundred. It is obvious that these men do not roll them for their own consumption. Directly or indirectly they will somehow be exchanged for something. The only question is, for how much shall

¹ This idea has been expressed more fully in the formula, "every man is to work according to his capacity and be remunerated according to his requirements": and in England of late the public has become very familiar with it, through the doctrine of "the living wage," preached during the great coal-strike.

they be exchanged. According to the first theory (*a*) the amount which each man receives will depend upon the number of the cigars that he rolls; according to the second theory (*b*) it will depend on the amount of food, clothing, and accommodation requisite to keep him in some preconceived state of comfort. We will consider these two theories in order.

The first theory—namely, that according to which the position of the laborer will be bettered by Socialism, because Socialism will secure for him the true exchange-value of what he produces—is the theory of Karl Marx; and, according to many Socialists, it contains the very *idée mère* of Socialism. Now this theory coincides up to a certain point with the doctrines of the ordinary economists, and assumes a certain part of the economic process of the present as something which is permanent and would endure under any system. Indeed, what Karl Marx considered to be his great discovery purports to be simply an analysis of something that is happening round us every day and always will happen. This can be explained simply thus. Let us take any kind of finished product and consider the price which the consumer pays for it. This price, according to Marx, naturally and necessarily represents its true value. Let us suppose, for instance, all the bread in a community to be made and sold by some single corporation of persons; all the coats made and sold by another; and all the coal produced and sold by a third. Each of those three products being necessary to life, each corporation would of necessity retain as much of its own product as was necessary for its own consumption. The question of the value, or exchange-value, of each product, affects only the portions of it that are exchanged, not consumed, by the producers. How many loaves shall the corporation of coat-makers receive for each coat supplied by them to the corporation of bread-makers? How many hundred-weight of coal shall the corporation of bread-makers receive for each hundred loaves they supply to the providers of coal? According to Marx these questions are answered by the actual facts of life. If we regard the producers of commodities, not as individuals, but as corporations, which both produce them and supply them to the consumer, commodities do, on the whole, exchange at their true value; and this value is, according to him, determined by the amount of average labor, measured by time, which is required on the average to produce each commodity. Some men, no doubt, may be exceptionally apt and diligent, others exceptionally idle: but in spite of

this there is an average standard of efficiency which makes an hour of the labor of any one man in any industry practically equal to an hour of the labor of any other man: and thus every coat out of a thousand similar coats will be practically the embodiment of an equal number of labor-hours; and the same will hold good of each loaf and each hundredweight of coal also. Hence each of these three commodities can be expressed in terms of a common denominator, namely, the labor-hour; and, according to Marx, commodities will, must, and actually do exchange in proportion to the number of labor-hours embodied in them. If the various kinds of labor that go to make a coat, and place it in the hands of the wearer, amount to eighty hours, the coat-makers, as a corporation, will, must, and actually do receive as many loaves as are produced and brought to the consumer by eighty hours of ploughing, sowing, reaping, baking, transport, and so forth.

It may seem that, thus far, the theory of this terrible revolutionist is a justification of the existing system rather than an attack upon it. It assumes, however, a very different character when we consider the producers no longer as corporations, but as individuals. In each corporation, according to Marx, there exists, under the present system, a minority of individuals who practically rob the others. These men are the employers and the capitalists; and, according to Marx, the essence of their position is this: they are the monopolists of the means of production—raw materials, workshops, machinery, and so forth; and the others—the great majority—are unable to exercise their labor, or produce anything at all, except with the permission of this small possessing minority, which accordingly sells its permission at the highest price possible,—that is to say, by exacting from the majority all the values produced by them except such as are sufficient to exchange for the barest necessities of subsistence. Suppose, for instance, the coats produced in a given time by a thousand men (including all who contribute to the result, from the sheep-shearer to the retail shop-keeper) to cost the consumer a thousand pounds in the aggregate, this thousand pounds would be the true value of the coats; and if all the producers worked the same number of hours, the amount due to each man would be properly one pound. Let us then suppose the labor-time contributed by each man to be two days, of eight labor-hours each, the amount properly due to each man would be ten shillings a day. But the arts of production being in their present advanced condition, while the absolute neces-

saries for keeping a man alive remain unchanged, each man produces more than three times the amount of these necessities. He can be kept alive on three shillings, while he actually produces ten. Such being the case, the monopolists of the means of production are able to take—and do take—from each man the entire surplus over and above this three shillings. That is to say, out of each ten shillings they mulct or rob the producer of seven shillings as the price of allowing him to produce anything at all. The aim of Socialism, therefore, so far as the remuneration of labor is concerned, is essentially, according to Marx, neither more nor less than this: to expropriate the monopolists, to place the means of production practically in the hands of the producers, and thus to enable each of them to receive the entire value of his products, which, if we adhere to the foregoing suppositions, will be ten shillings instead of three.

Now with regard to the theory of Marx, taken as a whole, what I desire to show is that it contains virtually the three following distinct propositions, of which two are perfectly true, and of which one is false. (a) If we take Marx's theory that labor-time is the measure of value, and qualify it with certain arbitrary suppositions, or apply it to societies in their earliest, their crudest, and least civilized stages, we get a proposition that is undoubtedly true. (b) If we apply the same theory to society as it exists now, we get a proposition that is not only false, but false to a grotesque degree. (c) If, turning from that part of Marx's theory which relates to the measure of value, to the part which asserts that the remuneration of each producer is determined by the value (however measured) of his products, and that the amount of this value must always be measured, and is measured at the present moment, by certain laws (whatever these laws may be) which inhere in the structure of all society, then, and so far, the theory of Marx is true.

Let us take these three points, (a), (b), and (c) in the order in which they have just been given.

(a) Let us suppose a community of three men, all equally strong and working an equal number of hours, each of whom produces some one of three necessary commodities, such as bread, clothes, and fuel, and just manages to produce enough of each to satisfy the requirements of three men. It is evident that, as all the men work equally hard, each will demand the produce of a third of the labor-hours of the two others. Goods will perforce exchange exactly as Marx says they do. They will exchange in proportion to the number of labor-

hours embodied in them. And what is true of a community of three such men as we imagined may be approximately true of any very rude societies whose requirements are limited to necessities, and whose methods of production are very simple.

(b) But in what we call advanced or progressive societies, and emphatically in society as we know it now and as Marx criticised it,—a society in which the natural powers of labor are indefinitely and progressively increased by machinery and industrial organization,—the case is absolutely different, and for two distinct reasons. One reason is that in this increased production of commodities there is no longer involved one kind of exertion only,—namely, what Marx means by average labor,—but labor of various qualities and of various degrees of importance; and, more important still than these, those kinds of exertion by which labor is directed, whether they be those of the inventor or those of the industrial manager. The other reason is that as man's powers of production increase, they are used not mainly to multiply those few and simple commodities which are needed by all alike, and without which life is impossible; but rather to multiply the kinds of commodities produced,—not to multiply, for example, beyond a certain point, the number of loaves and boots and cheeses, but to supplement those necessities by an indefinite number of superfluities, such as neckties, gloves, lace curtains, china ornaments, carpets, musical instruments, tobacco, books.

We will consider these two reasons separately.

The first criticism that will suggest itself to any ordinary student of Marx's theory of value as applied to existing circumstances is, that by making value a mere matter of average labor-hours, he entirely ignores the most obvious function of machinery and invention, to say nothing of industrial management. The answer which Marx and his school make to this obvious objection, though not wanting in ingenuity, will enable us to see at once the flaw in their whole position, and the curious nature of the mistake by which they have deceived and bewildered themselves. They maintain that machinery and invention (and indeed by parity of reasoning every rare talent that increases the volume of production) though they multiply the number of commodities (or as they call them "values in use"), have no effect whatever on the exchange-values produced in the same number of labor-hours. Mr. Hyndman, one of Marx's most vociferous disciples in England, has explained this doctrine for the benefit of the English working classes by the following simple illus-

tration. He takes two common commodities, such as a pair of boots and a box,—both, as he says, useful things, and satisfying some social need,—and assumes that the one takes longer to make than the others. While one man, we will say, makes one pair of boots, another man, or either of the men, is able to make two boxes. Accordingly the value of two boxes is one pair of boots. Suppose, however, that box-making becomes so much easier that a man can make four boxes instead of two in the same space of time, he will have to give four boxes instead of two for one pair of boots. Thus, though the box-maker produces more values in use, the exchange-values which he produces remain what they were before. His four boxes, just like his two, have an exchange-value of one pair of boots only.

Now it is quite possible to imagine a state of things to which this reasoning would apply. The box-maker might accidentally discover that a wood which he had hitherto neglected was twice as easy to work as that which he had used hitherto; and if his products were doubled by a pure accident such as this, Mr. Hyndman's reasoning would be no doubt true. But if two such workers as he supposes represent any reality at all, they certainly do not represent the realities of any civilized community: and they fail to do so for the two following reasons. Firstly, production, as a fact, has not been increased by accident; but by the action of exceptional abilities which are a close natural monopoly. Secondly, Mr. Hyndman's illustration, if it represented anything at all, would represent a community in which one trade only was progressive; and such a community does not exist anywhere, nor is it worth our while to talk about it. In all progressive communities the progress is practically general. If the boot-maker, therefore, and the box-maker, are to illustrate the realities of civilization, we must imagine boot-making to become easier in the same proportion as box-making; and then we shall see that the position is completely changed. We shall see that the four boxes have an exchange-value not of one pair of boots, but two. Thus, though the exchange-value of each separate article would remain unchanged, the number of these articles, and their aggregate values in exchange, would increase in the precise ratio of the increase in each worker's productivity. And this is the only point that is worth attention. All that Marx and Mr. Hyndman can prove from their theory is, that the exchange-value of the individual article is not increased by its multiplication, whether through machinery or any other means; that is to say, individual articles do

not become dearer. But who ever maintained that they did? What man in his senses has not always maintained the precise contrary? If one pair of boots cost two boxes a hundred years ago, because the boxes and boots then each took a man a day to make them; and to-day, owing to machinery and invention, two pairs of boots and four boxes can be made in the same time,—the value of boots in terms of boxes, and the value of boxes in terms of boots will remain unchanged; but, labor-day for labor-day, each producer will be the producer of twice as many such values.

Now, supposing for a moment that, for each kind of commodity thus multiplied, the demand is still undiminished,—or, in other words, supposing demand to be a constant quantity,—and supposing also that at each stage of production, no matter how many or how few commodities are produced during the average labor-day, the average amount of Ability devoted to each trade remains unaltered, it is no doubt true that at each of these stages labor-time will remain the measure of value. But the astonishing thing about Marx and his disciples is, that they confuse the true proposition that labor-time, with certain strict reservations, is the measure of value, with the insane proposition that it is the cause of the multiplication of values,¹ and that consequently the gross value of the output of any factory, for instance, is altogether due to the labor of the operatives,

¹ Let us express the natural productivity of a craftsman in each trade by the number 1. We shall then get the values of the products in each trade, during a given time, by merely multiplying this number by the number of craftsmen who produce them. Thus, if there are fifty craftsmen producing each kind of commodity, a day's product in each trade will have an exchange-value of 50. But if in certain of these trades, or in all of them to unequal degrees, some few men of genius contrive, by directing the craftsmen, to increase the unit of production per man from 1 to 3 in one trade, from 1 to 7 in another, and from 1 to 8 in another, and if, on these men of genius ceasing thus to exert themselves, the productivity of labor should drop again to 1, the labor embodied in each set of commodities would still be an element in the value; but it would no longer be the sole or even the chief element. The chief element to consider would be the augmented unit of productivity. It would be impossible any longer to tell the relative value of boots and boxes merely by reference to the fact that fifty men had produced so many of each in a day. We should have to know also the exact degree to which the unit of productivity had been in each case raised by the man of genius; and the result of our calculation would depend not only on the fact that we had in each case to multiply something by 50; but on whether the something to be multiplied were 3, 7, 8, or any other number. As a matter of fact, among the various employers in each trade at any given time there is an average power of ability by which the power of labor is multiplied; but exceptional ability always secures profits or exchange-values greater, in proportion to the amount of labor employed by it, than are secured by inferior ability.

and not to the machinery by which it is assisted, and the intelligence by which it is economized and controlled.¹

I need not, however, insist on this special point farther; for large numbers of thinkers among the Socialists themselves are beginning to admit the error of Marx in this particular; though naturally they are chary of showing, even if they themselves see, the error of their idol in all its true absurdity. I will therefore pass on to the second error of the great Socialist leader.

His first error, as we have just seen, consists in his imperfect analysis of the relations of machinery, and of supply generally, to value. His second error consists in his completely ignoring the effect of demand on value. And the source of his error in this second respect is precisely the same as in the first. It consists in his failure to realize the profound difference between a rude society, whose products were so few and so necessary that the demand for each was obviously a constant quantity, and the modern civilization which he was specially concerned to analyze. The vital difference, so far as demand is concerned, between an advancing civilization such as our own, and savagery, or civilization in its infancy, depends on the fact that whereas in a savage state all production is production of the primary necessities of life, or the commodities for which the demand is constant, these commodities in a civilized state are produced by a fewer and ever fewer number of men; and the productive powers that are released from the production of necessities are devoted to the production of superfluities. Economically, in short, civilization is a superstructure of superfluities raised on a foundation of necessities, and progressively dwarfing in bulk, like all other rising structures, the foundation on which it rests. In other words, a community of a given size grows in material civilization, not in proportion to a decrease in the number of necessities produced by it, but in proportion to the decrease in the number of the men required to produce them, and the consequent increase in the number of men who produce superfluities. Thus, in a civilized state, not only is the bulk of superfluities incomparably greater than the bulk of necessities, but the number of men whose claim to a livelihood depends on the exchange-values embodied in superfluities is incomparably greater than the number of men whose similar

¹ According to the theory of Marx, machinery adds to the value of products only in so far as it is worn out in producing them, and thus incorporates in the products the previous labor-time of the persons who made it.

claims depend on the exchange-value embodied in necessities. Thus the problem of value in a civilized community is almost entirely a question of the exchange-value of superfluities.

Now the main difference between the demand for bare necessities and the demand for superfluities is that, while the first is practically fixed, the second is elastic and variable. Let us take instances. A certain amount of bread, or some equivalent food, is a daily necessary for every human being. Tobacco, wine, and theatrical entertainments are superfluities. Some men drink wine, and neither smoke nor care for the play; others do both of these last things but drink no wine at all; and the practice of men with regard to each varies at different times in their lives. At one time a man likes a cigar better than Burgundy; at another Burgundy better than a cigar; and at another he likes the play better than either; and his expenditure on these matters will vary according to his taste. To say this, however, is to state but half the truth. To the statement that his expenditure will vary according to his taste, we must add that it will vary according to the relations between the intensity of his taste—that is to say his desire for cigars, Burgundy, or the play,—and the sacrifice he will have to make in order to gratify this desire. Let us suppose a community of four men, each of whom, in their original condition, manages to produce just enough of one of four necessities to enable them all to live. Here, as has been said already, the demand, like the supply, is a constant quantity, and, this being so, labor is the measure of value. But now let us suppose that the community has become civilized, and that one man, owing to improved methods, can produce all the necessities, and that, of the other three, one produces wine, another cigars, while the third amuses the rest by performances of Punch and Judy. So long as all three others are amused by these performances of the fourth, they may be willing each to give him a fourth part of what they produce—say a loaf of bread, a bottle of Burgundy, and three cigars daily. But suppose that the three grew somewhat tired of his performances, and decided between themselves that for two days out of three they would sooner smoke these three cigars and drink this bottle of Burgundy themselves. The utmost the performer could do would be to refuse to perform unless he received for his performances their original exchange-value: and the others would answer every two days out of three, “We have no wish that you should do so.” The performer, who, *ex hypothesi*, would think a cigar and a bottle of wine

every third day better than none at all, would inevitably have to accommodate himself to the terms offered by the others. In other words, the exchange-value of his performances would have fallen, not because they represented less labor, but because for this labor there was less demand.

And now for these four kinds of labor let us substitute an indefinite number; and for individuals performing each let us substitute groups of individuals; and we shall have before us civilized society as it is: but the essence of the situation as above described will be absolutely unchanged. In any civilized society, from the very fact of its being civilized, there will always be a demand for superfluities of some sort, and to an indefinite extent; but the demand for superfluities of any given kind is liable to constant variation. As a fact, any civilized public may be relied on to demand plays; but the demand for the individual plays offered to it varies indefinitely alike in intensity and in duration, and has no calculable relation to the amount of labor involved in their production. A still more luminous example is that of a book or a newspaper. The labor involved in setting the type will be the same whether one copy is sold or a million; but the exchange-value of an edition will differ, since whatever part may be unsold will be merely so much waste paper.

Now all this, so far as it relates to the existing system, is becoming gradually understood even by many Socialists; and the error committed by Marx in ignoring the operation of demand is becoming as plain to them as the error which vitiates his analysis of supply. But one and all of these theorists imagine that, in some unexplained way, the operation of demand would be changed if the dream of Marx were realized, and if the exchange-values that, in each industry, go at present to the manager, the inventor, and the capitalist, were taken by the state and made over to the manual laborers. The great point on which to insist is as follows,—and, as soon as it is once understood, it becomes the merest truism,—that such a change, could it be accomplished even without any injury to the industries in question, would not alter the question of values in any way whatever.

Let us suppose that, at any given moment, the community as a whole pays for its cigars to the cigar-makers a million pounds annually; and that half a million of this goes to the employers and the capitalists. Were the dream of Marx realized, the same gross sum

would still be paid; only this second half of it would be added to the wages of the operatives. That is to say, their wages would be doubled. But now let us suppose that, after this result is accomplished, opium-smoking comes into fashion, and the demand for cigars is so weakened that the public will continue to buy the same number only on condition that they are sold at a reduced price. The million pounds formerly expended will infallibly and necessarily shrink—let us say, for example's sake—to seven hundred and fifty thousand. That is to say the wages of the operatives are reduced by 25 per cent. So long as the employer takes a portion of the gross value, any reduction in that gross value may perhaps fall only upon him. Instead of wages being reduced by 25 per cent the profits of the employer may be reduced by 50. Thus the workmen are blinded to the real nature of the situation. So far as they are concerned, the employer acts as a buffer. But if once the Socialist could take the employer's profits and make them over to the manual laborers, the laborers would feel instantly, and with unmitigated severity, every decline in the demand for whatever commodity they might be producing.¹

The more completely we eliminate, in imagination, the figure of the employer and capitalist from society, the more completely does the inevitable, the imperious bearing of demand on values, and consequently on the receipts of the laborers, show itself. Let us divide a community into as many groups of laborers as there are commodities or services demanded by the community as a whole at any given time. Let us say that there are ten groups, and ten kinds of commodities. Let us start with supposing that the amount of values which goes to each laborer is equal, because the demand for each commodity is in a certain given condition: and next let us take each commodity in succession, and suppose that the desire for it on the

¹ During the last great coal-strike in England the ridiculous doctrine was taught that wages could be made to rule prices, instead of prices ruling wages. Were all, or even most of the coal-consumption in England, consumption for absolute necessity, were it an irreducible minimum, and were all coal-production a monopoly in the hands of English workmen,—this would have been true in this case. But more than half the coal-consumption in the country is, directly or indirectly, consumption for superfluities; and these the public will have either at its own price or not at all. Further, with regard to monopolies, it is amusing to observe that while no men have more loudly denounced landlords and coal-owners as monopolists than the trade-union leaders, yet their main object during the great coal-strike was to place the colliers in the very position they denounced—i.e. of monopolists, not indeed of the mines themselves, but of the right to work in them.

part of the producers of the other nine commodities decreases. This means that the producers of these other nine commodities, who have hitherto been giving a tenth part of them to the producers of the tenth, would prefer either to consume a half of this tenth part themselves, or else to remain idle during the time required for its production, rather than give it, as hitherto, to the producers of the tenth commodity. Now it is evident that in such a case this tenth group of producers would find that their wages or receipts had fallen by exactly one-half; but if they resented this calamity, what remedy would be open to them? Could they strike? A leader of strikes in a socialistic state would indeed see strikes with eyes from which scales had fallen. He would see that a strike among such a group of workers as we have supposed would be one-tenth of the laborers striking against nine-tenths; and endeavoring to extract from them by force commodities which they desired to retain. From the point of view of nine-tenths of the community such a strike would be simply an attempt at robbery. The fact that the tenth group offered something in exchange for what it demanded would not alter this fact. This group, from the point of view of the other groups, would be attempting to get a pound in exchange for every ten shillings, which is merely a disguised form of stealing ten shillings. It is easy to see that in such a case force would be useless: and the mere refusal of the strikers to supply their commodity except on such terms as would yield them what they considered "a living wage" is a weapon that would be broken by the reply of all the other laborers, which would be, "Then in that case we do not want your commodity at all." In short we have only to follow the invitation of the Socialists so far as to imagine a state in which the laborers received everything, to realize that any attempt to make wages, instead of demand, regulate prices, would, on the part of whatever group of laborers might be concerned in it, be an attack on the interests of every other laborer in the community.

Socialists, and others besides Socialists, have failed to grasp this point, because in the socialistic state, as at present conceived of by its advocates, the exchange of commodities would not be a direct transaction, but would be accomplished by the state as an intermediary: and it is supposed that, as the state would in the first case receive all the commodities, and then superintend their distribution, any conflict of interests between the various groups of workers would be avoided. But the state, though it might disguise for a time the

nature of such a conflict, could alter the situation in one way only, and that is by tampering with values,—by robbing nine-tenths of the community for the benefit of one-tenth. Let us suppose that the general taste for theatrical performances declines; and that the theatres, which once were filled, are only half full now; and that the gross receipts (which we will suppose take the form of the Socialist's favorite labor-checks, and which will form the total divisible among the actors) yield them only half of what they consider a "living wage." The situation could be altered only by the actors being paid a living wage by the state, and the performances being made free. But the sum required for the adequate remuneration of the actors would have to be extracted from the remainder of the public through taxation. Of some of the commodities which they had themselves produced, and which they prefer either to consume or not to be at the trouble of producing, the majority would be forcibly mulcted, in order to support men who gave them no adequate equivalent. The only difference would be that the immediate object of their hostility would not be actors, but the state; and as the state under Socialism would theoretically respond to the will of the majority, it is evident that very soon the claims of the actors would be disallowed.

One thing only could prevent this,—and that would be the development of an unselfishness so great that it would entirely overbear all personal interests. Whether human nature as a whole is ever likely to exhibit such a development, need not be discussed here. All that I am here attempting to point out is, that so far as the interests of individuals are concerned, as embodied in demand and supply, there would be the same conflict between them under Socialism that there is at the present moment; and that so long as the majority of human beings were motivated by these interests, so long as they were pleased when their interests were subserved, and irritated when their interests were thwarted, those conflicts of interest which now show themselves in the form of strikes would be changed by Socialism only by being given a different form, and being changed from an attack on the capitalists, which has something of the character of a rebellion, into an attack upon all laborers other than the aggrieved section, which would partake of the character—ininitely more cruel and bitter—of a civil war.

We thus come to the third point (c), with regard to which, as I have said, the theory of Marx is true. The great claim of Marx to

be considered a man of practical sagacity lies in the fact that he realized that all exchange, and all remuneration of the producers, does depend on the interest of the consumer,—does depend, that is to say, *on the commodities which the producer offers*, and not on what, as a private man, the producer happens to want. In so far as the theory of Marx rests on his analysis of exchange-value, faulty as that analysis is, it is a tribute to the great truth that we can understand what society will be, only by analyzing these great underlying facts, which make it what it is: and we have only to correct the errors which his analysis of values contains, to see that, were the socialistic system, as he conceived it, established, and did every laborer get what Marx thought was the full value of his products, not one of the elements of existing social discord would be abolished or even modified. We shall see in fact that so far are the effects of supply and demand from having been overstated by the orthodox economists, or from being transitory in their operation, that they would operate in a socialistic state even more rigidly, more un pity-ingly, and more openly than they do now; supposing only that the socialistic state be a civilized state,—not a collection of mere savages laboriously producing bare necessities, but a community of men with multitudes of tastes, wants, imaginations, and aspirations, and the means of approximately satisfying them. We shall see, by considering such an imaginary state, that Demand and Supply are merely the two economic sides of all civilization whatsoever; that Demand is merely the economic side of man's mental civilization; and that Supply is merely the economic aspect of the means which he has devised for ministering to it.

W. H. MALLOCK.

THE RESUSCITATION OF BLUE LAWS.

THE municipal authorities of New York city have recently begun the systematic enforcement of a law requiring saloons to be closed on Sunday. Public opinion being greatly exercised, I propose to discuss the social and political aspects of the liquor question from the standpoint of a man who drinks with moderation whenever he is so disposed, and who would like everybody else to enjoy the like privilege.

The population of large cities consists of elements whose tastes and education differ with their nationality and religious beliefs; their inclinations respecting the observance of a holiday vary accordingly. Their principal guide, however, must be necessity. The wealthy and middle classes can enjoy life according to their desires,—they may devote Sundays or any other days to rest and religion; but to persons who work for a livelihood, the first day of the week alone offers opportunity for that recreation which is so essential to continued health of mind and body. These toilers constitute a large majority of our populace; to their industry we owe many of the comforts of life, and their wishes deserve our serious consideration. A ruthless interference with the enjoyment of the short hours of their leisure, therefore, is neither charitable nor wise.

England has a reputation for well-regulated Sundays. There the mechanic can find in the outskirts of every town, a good inn whose license compels the keeper to serve his customers after church hours. On bright Sundays I have seen Hampton Court, Richmond, and Kew filled with crowds of men, women, and children who behaved fully as well as our "four hundred" do at Delmonico's. Similar scenes present themselves on every holiday at the Bois de Boulogne in Paris, the Thiergarten in Berlin, and the Prater in Vienna: music adds charm to good cheer on the Continent. In all these places the sale of liquor is prohibited during the time reserved for worship.

Our Sunday laws originated with the Puritans of New England, who observed it like the orthodox Jews; but in their religious