

Vol. XII. No. 6

June, 1920

# THE PLEBS

AGITATE - EDUCATE - ORGANISE

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## SYMPOSIUM ON THE HIGH COST OF LIVING

Contributions by HERMAN CAHN, PHILIP SNOWDEN,  
G. BERNARD SHAW, MARY MARCY, PROF. PIGOU,  
JOHN BARR, T. D. BENSON.

*Reviews*

*Correspondence*

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# THE PLEBS

"I can promise to be candid but not impartial."

Vol. XII.

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### SYMPOSIUM ON "THE HIGH COST OF LIVING"

(A) *To what main causes would you attribute the rise in the Cost of Living during the past thirty years, and especially during the past five years?*

(B) *What in your opinion is the relative importance in this connection of:—*

- 1 *Variation in the value of gold;*
- 2 *Increase in use of credit instruments;*
- 3 *Inflation of currency;*
- 4 *Excess of demand over supply resulting from abnormal war conditions.*

The above Questionnaire was recently sent out from the Labour College to well-known writers on Economic and Social questions. We give a first instalment of the replies received this month, and shall publish the remainder in future issues.

#### PHILIP SNOWDEN

(a) The increase of credit without a corresponding increase of marketable goods.

(b) (1) Very slight; (2) Main cause; (3) Important cause; (4) Important cause.

#### G. BERNARD SHAW

All these I believe to be negligible up to 1914, when the last two came into play. Leaving the war years out of the question, I explain the rise by the substitution of commercial combination for commercial competition, and the consequent blockade of the consumer by Capitalism.

#### PROF. A. C. PIGOU

A reply to your questions in summary form, I think, can be given as follows:—

The facts are these. Roughly speaking a £ sterling will now buy as many commodities in general as 7s. would buy before the war. A £ sterling will buy as much gold as 14s. would buy before the war; and the gold contents of a £ gold will buy half as many commodities in general as it would buy before the war. The fall in the purchasing power of the £ sterling is, then, due to two

proximate causes: the depreciation of gold in terms of things and the depreciation of sterling in terms of gold. The depreciation of gold in terms of things is due to (1) the diminished use of gold in foreign currency consequent on the substitution of paper; (2) to diminished use of gold in the British currency; and (3) to shortage of commodities produced; due to the war.

The depreciation of sterling in terms of gold is due to the expansion of credit in this country leading to the expansion of note issue accompanied by the prohibition of gold export. There are no *data* for determining absolutely the quantitative importance of these several facts in reducing the purchasing power of the £ to the equivalent of that belonging to 7s. before the war. My own guess, for what it is worth, is this:—Had no change taken place in the currency amongst any countries and the shortage of commodities alone been at work, the £ sterling would have been reduced to the equivalent of almost 17s. pre-war shillings. Had the change in paper currency policies and the shortage of commodities both operated, but the British currency system remained unmodified, it would have been reduced to the equivalent of about eleven pre-war shillings. In fact, it has been reduced to the equivalent of about seven pre-war shillings.

#### MARY E. MARCY

I think you have chosen the subject that is occupying the minds of the working class above all others to-day.

During the twenty years preceding the war, prices rose steadily because of the new process which was discovered of producing gold which made it profitable to mine low-grade ore. This new cyanide process reduced the necessary labour required to produce gold and therefore reduced the value of gold itself. Whenever gold or silver require less labour for their production, they decrease in value and exchange for, or buy, fewer commodities; in other words, prices, in general, rise. During this time the introduction of modern machine methods in various fields of production reduced the necessary labour represented in various manufactured commodities. By the aid of new processes, or by the use of modern machines, one man was often able to produce as much as several had done by the old methods. The price of these commodities which had decreased in value almost as much as gold, rose very little. But the prices of commodities whose value had remained stationary, naturally arose in proportion to the decrease in the value of gold.

It is doubtful whether the value of gold altered very much during the war. Currency inflation (which may include the use of checks as a credit instrument) has been the chief cause of the steadily rising prices since 1915.

The requirements of modern Capitalism (rendered acute by the war) for gold as a medium of exchange, has far outrun the production of gold. Paper tokens have been issued in all the modern capitalistic nations, in response to economic necessity, without any consideration of the amount of gold back of them. When the paper tokens (or money) we offer the grocer, the landlord or the butcher have greatly depreciated in value, when they have been *diluted*, you might say, we cannot expect to receive the same amount of commodities we got for a shilling or a pound before the war. The shilling and the pound have shrunk.

Herman Cahn discusses these new phases in capitalist society in an illuminating way in his book, *Capital To-day* (a new edition of which will soon be brought

out by C. H. Kerr and Co., Chicago). This is the most momentous contribution to an analysis of capitalist society since Marx. In it Mr. Cahn shows the cause of present rising prices, explaining how the contradictions in money mean the utter choking of the capitalist system, of a commodity-producing society. Mr. Cahn explains the cause of rising prices in his analysis of collapsing capitalism so much better than any one could possibly do in a short article, that I take great pleasure in recommending it to your readers.

T. D. BENSON

I am sorry I shall not be able to contribute to the interesting discussion on Prices, as I am travelling about and am far from my books of reference. I think, however, the variation in gold prices began about 1872, when the nations adopted the gold standard for their coinage.

HERMAN CAHN

Answering your question as to the main causes of the rise in the cost of living during the past 30 years, I have nothing to add, so far as the period up to the war is concerned, to what I wrote in *Capital To-day* (pp. 103 to 105, 2nd edition). Since 1914 the cost of living, or necessities of life, especially food and shelter, the main items, has advanced less than means of production, instance the metals. The great rise of commodity prices in general during the last five years is due to an over-shadowing degree to the depreciation of substitutes for money, that is paper tokens and money of account.

You ask me further for my opinion as to the relative importance in this connection of (1) Variation in the value of gold, (2) Increase in use of credit instruments; (3) Inflation of currency; (4) Excess of demand over supply.

Of course, I do not know the object for which you are collecting opinions, but so far as myself is concerned, I cannot serve with this article. I am a pupil of Marx, a man who did not deal in "opinions," but introduced the method of scientific analysis of facts into economics. If it be the aim of your questionnaire to draw an important economic conclusion from the replies thereto (perhaps as to the possibility of capitalism getting on its legs again), then I regret to say that the formulation of your questions is inept.

To begin with factor (2). In *Capital To-day* (p. 72, 2nd edition) there is given a rich bouquet of credit instruments, but among them all there is only one which has a bearing on price movements. This one exception is the check, because in the circulation process it performs functions of Money similar to the token. Therefore, in this question the singular should be used. But in reality there is no reason why the question concerning the increase in the use of checks should not be embodied in question (3) Inflation of currency, with which it is organically connected, and which would then read:

Increase of substitutes for money (paper tokens and money of account).

It is of a piece with the foregoing to object to the consideration of the deficiency of supply as an independent factor. Capitalists might wish that it were, for it would lend hope of a mending of the situation. But as the deficiency is only an effect, of which the cause is the process of the destruction of the economic category of Money, as yet uncompleted but inevitable, the situation is irretrievable for capitalism.

Marx's final conclusion was that capitalism will pass away as a result of the *contradictions of the Commodity*. The contradiction between value and wages results in the irresistible expansion of the means of production from surplus

value, while the earners of mere wages, a growing proportion of the people, are unable to buy the increased mass of products. Profit vanishes, the capitalist system thus frustrating its purpose by "over-production." Thus Marx, but what we actually see is the inability of capitalism to produce at all. The cause lies in the *contradictions of Money*. This is no adventitious phenomenon produced by the war, inherent in that economic category, although hardly noticeable in Marx's time. The contradictions of Money cut across Marx's provision, rendering it obsolete (although scientific in his time), because they developed much more swiftly and are more unfailingly fatal than those of the Commodity. I have been able to analyse the perfectly normal katabolic processes of Money before the war which event only hastened them abnormally and confirmed my analyses.

As to question (1), I would answer that any variation in the value of gold during the last five years had no effect whatever on prices. In no country does gold circulate any longer among the people either as means of purchase or of deferred payment. In international settlements gold now plays an extremely modest role, as the immense bulk is settled on the basis of rates of exchange which are only an expression of the relative values of the different national paper tokens. Gold in its function of store of value (bank reserves), or rather any recent variation in its value, is devoid of any effect on prices, because the imaginary money in actual use (tokens and money of account) is being issued under supreme economic necessity without regard to reserves. Even in the United States the legal minimum of reserves is now almost reached.

DEAR SIR,—Sir Leo Chiozza Money asks me to write in reply to your letter regarding a questionnaire, and to say that he regrets he has not time to reply in detail. He wishes me to refer you to his article in the *Observer* of Sunday, February 29, which has bearing upon your questions. Sir Leo is at present laid up.—Yours faithfully,  
March 5, 1920.

F. L. WESTWOOD (*Private Secretary*)

DEAR SIR,—The questions to which you are giving attention are of great interest; but I am not able to give them the attention which they require. I am sorry.

Yours faithfully,

ALFRED MARSHALL

DEAR SIR,—I am sorry to say that I cannot spare the time to undertake this.

J. M. KEYNES

JOHN BARR

It is essential to the success of any discussion on prices to arrive first of all at a settlement of basic principles because, as an American economist puts it, "one might as well go into practical engineering without a knowledge of thermo-dynamics as discuss practical monetary schemes without first settling basic monetary principles." The present writer is strongly of opinion that only by the application of Marxian principles can the true theory of prices be discovered. The Marxian theory of money as the concrete medium of social relations in a condition of society based on individual ownership, necessarily requiring a method of exchange based

on value for value, reveals the truth that replacement of this concrete medium by a worthless piece of paper is limited, and if not so limited can only result in an increase in prices.

The quantity theory idea that prices of commodities are governed by the quantity of money in the market whilst utterly ridiculous when applied to a gold currency appears now to be perfectly correct in so far as the changing quantity of paper affects a change in the price of commodities. On the other hand, the anti-quantity theory that price is a matter antecedent to the act of exchange in the market (a sensible conclusion) is causing its non-Marxian disciples an amount of worry in an attempt to explain that

the paper currency is not the cause of high prices, but that the theory is applicable to any form of money. This difficulty is well exemplified in Professor Laughlin's *Money and Prices*. The solution of the "puzzle" is perfectly clear to the Marxian student. Secure in the knowledge that gold circulates because it has value whilst paper has value because it circulates he sees that the changing quantity of paper effects a change in the prices of commodities, because the circulation of commodities can absorb only a definite quantity of gold but any amount of paper.

The causes leading to a general fall of prices from 1873 to 1896 and the general rise since that time culminating in the tremendous jump of the last four years, are much more complex and difficult of analysis than if we were living in an elementary stage of capitalism. With only a gold currency in circulation and credit in its infancy, a fall in price would result in a clearly defined appreciation of gold or fall in value of commodities, and a general rise could only mean depreciation of gold or appreciation of commodities, but living as we are in a highly-developed stage of credit, with banking organised to its highest capacity, the question of the influence of credit instruments and the high velocity of circulation consequent on a developed state of banking have to be taken into consideration, together with technical progress and the maturing of capitalistic combinations.

As Kautsky says in his *High Cost of Living*, "The whole economic life of capital is reflected in the movement of prices. All its intercrossing and its tendencies, now rapid, now stagnant, operate on prices." He goes on to show that in addition to the stagnation in the production of gold from 1870 to the early '90's other factors were at work (1) in the improvement of the means of transportation with the development of the trans-oceanic steamships, and (2) the building of railroads in Russia and America, by which great stretches of land to a great extent free from private ownership came into closest relations with countries where the capitalist system was highly developed, causing a fall in the cost of production of foodstuffs and raw material and thus a fall in prices, which was in its turn reflected in the prices of industrial products. Further, transportation improvements brought into intimate proximity those lands in which the capitalistic industry had greatly extended its enormous forces of production and, the wildest industrial competition ensuing, prices were at times reduced below the cost of production. In the early 90's commenced that increase of gold production which has steadily risen ever since, with the exception of the Boer war period, from £42,934,976 in 1897 to £96,090,535 in 1916 (see Report of Gold Production Committee, 1918). This increase, coupled with the capitalist development of methods to abolish competition by the creation of private monopolies, syndicates, and trusts, goes a long way towards accounting for the steady rise in prices since 1896.

Herman Cahn in *Capital To-day*, summarises the principal explanation in three points: (1) the somewhat slower technical progress in the

average manufacturing industry than that which has taken place in gold mining, with its use of high explosives, compressed air, electric power transmission, its improvements in machinery, reduction processes and transportation combined with unparalleled auriferous formation; (2) agriculture lags behind in technical progress, compared with gold mining, although whilst its products have actually somewhat declined in value by reason of increasing yield per acre, due to improved methods of farming, market prices advanced greatly from the increased demand by the rapidly growing urban centres, to which there is no counterpart in a corresponding increase of the rural population; (3) the rising prices of the necessaries of life are, therefore, due mainly to the reduced value of gold, but also to some extent to the advance of their market prices beyond their values, the result of maladjustment of labour force, which is drawn away from the production of necessaries towards the production of luxuries in which the enormous and growing revenues of capitalists are spent. To these explanations may be added the contributory one of the frequency of use of money known as velocity of circulation. Irving Fisher, in his *Purchasing Power of Money*, finds that between 1896 and 1914 the velocity of bank deposits has shown a notable and steady increase from 39 to 54 times a year.

An analysis of the cause of the tremendous jump in prices of the last four years requires as a starting point a knowledge of the laws of money tokens. The fulfilment of the proper function of paper-money is certainly dependent on a quantitative limitation to the minimum amount of the gold they are symbolising which would be required to do the work.

With the violation of the law of limitation, paper tokens assume a proper movement of their own. Prices rise in accordance with the depreciation and more paper is needed. How far we have gone in the depreciation, and coupled with the creation of credit instruments on a paper base, what has been the effect on prices, are the problems we have now to solve. *The Economist* Index Number, based on 44 commodities in five different departments, is generally considered the most reliable guide to wholesale prices, and although from the retail purchaser's point of view the percentage of change may be greater, we have here a scientific base to work on. The record of the last five years shows:—

	Cereals and Meat	Other Food Products: Tea, Sugar, &c.	Textiles	Minerals	Miscellaneous: Rubber, Timber, Oils, &c.	Totals
July, 1914 ..	579	352	616½	464½	553	2565
Dec., 1918 ..	1303	782½	1805½	866	1337	6094
Feb., 1920 ..	1454	886½	2951½	1253½	1614½	8160*

\* Jan. 1920 total, 7768, showing the highest change in one month over the whole war period.

The average prices over the years 1901-5 taken as 100.0 shows the percentage change July, 1914, as 116.6; December, 1918, as 277.0; and February, 1920, 370.9. Coincident with this rise we have the Government Currency Note'

Account showing Notes and Certificates outstanding as follows:—

August 26, 1914.....	£21,535,000
December, 31, 1918....	323,241,000
February 25, 1920.....	324,994,000

Now, if we accept the estimate given in the Interim Report of the Currency Committee (Cd. 9182) of amount of legal tender money (other than subsidiary coin) in circulation on June 30, 1914, as £179,926,000 (with only £18,450,000 as fiduciary issue) the change means not only almost a doubling of the currency in Government Notes alone, with a reserve in Gold and Bank of England Notes of 10% only, but taken with the Bank of England returns for February 25, 1920, shows we have travelled from a fiduciary issue of £18,450,000 in 1914 to the following position:—

Bank of England Notes issued	£128,163,890	
Coins and Bullion .. ..	110,445,099	17,718,191
Government Notes .. ..	£324,994,000	
Gold and Bullion £28,500,000		
Bank of England		
Notes .. ..	4,100,000	
	32,600,000	
	292,394,000	
Total .. .. .	£310,112,191	

It is therefore very difficult to avoid the conclusion that the change in prices is, to a very large extent, the result of depreciated paper, particularly when we make a further investigation into the amount of bank-originated money created by turning loans into deposits—(see Hartley Withers' *Meaning of Money*). The Bank of England proportion of Reserve to Liabilities has changed May 27, 1914, at 42½% to March 10, 1920, 21½%, and an analysis of the balance sheets of twenty of our principle banks given in *The Economist* (October 18, 1919), for the period ending June 30, 1919, shows proportion of Capital and Reserve to liabilities 5%. In the balance sheet table it is interesting to note the growth of bank-created deposits by the aforementioned method of turning a loan into a deposit. Let us examine the matter.

On one side:—

	In million £'s	
	1914	1919
Acceptances & Endorsements .. ..	37'6	62'1
Deposits .. ..	751'0	1761'9
	£788'6	£1824'0
On the other side:—		
Discount, Loans & Advances .. ..	573'6	1163'4
Com. for Acceptances, Premises & Sundries	53'5	74'7
	£627'1	£1238'1

Now, calculating premises and sundries as remaining in much the same condition, we find in 1914 that of the amount 788'6 millions due from the banks to their customers, 627'1 was due from their customers to the banks, having been borrowed from the banks in one form or another, thus leaving the actual true deposits at 165'5

millions. In 1919 we see the bank creation developed to 585'9 millions.

Confronted with this evidence, one must naturally conclude a large percentage of price changes is due to paper. A portion, if not the whole, of the remainder is attributable to "secret corners," as the reviewer of *De Telegraaf* points out in a summary of 1919. (See Bulletin No. 1 of the Provisional Bureau in Amsterdam of the Communist International.) This capitalistic writer declares:—"Nor is scarcity an admissible cause—take textile fabrics with wool and cotton as principal articles. Neither the stock of sheep nor the cotton plant has been affected by the war, but in the case of these products a using up of the provisions can be surmised in a slight degree only, as in the long run production and consumption balance, and the production is renewed annually." Finally, an attempt is being made in some quarters, as the result of an anxiety to prove that incontrovertible money can make no difference in price, to show by comparison with America that only a relatively small advance is due to depreciation. This comparison starts with the assumption that America is carrying on under a gold-price basis, and is therefore not affected by inflation. Let us see. The following working-man's budget is taken from *War-time Increases in the Cost of Living*, issued by the National Industrial Conference Board, Boston, Mass., February, 1919:

Budget Items	Relative Importance in Family Budget	Increase in Prices during War Period	Increase as related to Total Budget
All Items ..	100%		65'9
Food .. ..	43'1	83'0	35'8
Shelter .. ..	17'7	20'0	3'5
Clothing .. ..	13'2	93'0	12'3
Fuel, Light and Heat .. ..	5'6	55'0	3'1
Sundries .. ..	20'4	55'0	11'2

We can draw our own conclusions as to whether American prices are gold prices from a comparison with the following table taken from *The Economist*, March 6, 1920.

	MILLION DOLLARS		
	Gold Coin & Bullion	Money (other than gold) & checkable deposits	Per cent. of gold to total money & checkable deposits
June, 13 1914..	1871'6	11,773'6	15'9
June, 1918 ..	3075'3	20,634'3	14'9
Sept., 1919 ..	2944'7	25,804'5	11'4

The change is not a great one compared to the working-man's budget, but it shows plainly that prices are certainly not gold prices. Herman Cahn, in *Capital To-Day*, describes the Federal Reserve Act as "an institution of new machinery for the issue of an additional kind of paper money," and on March 1, 1920, the amount of that money stands at 3,000 million dollars. American prices are convertible paper prices, and the comparison with us is one of convertible with inconvertible paper, and here we might pause to consider the subtlety in the definition of convertible. In our developed banking condition no paper is convertible in the mass and its nominal conversion to gold rests on social faith.



One can easily imagine a state of depreciated paper, given continuance of social faith coupled with Government effort to abolish free competition in gold, apparently standing at a parity with gold. Evidence pointing to this conclusion can be seen in England to-day. Gold price stood at 120s. on March 3 last, but this is not a free market price. The demand for gold for use in the Arts has fallen off because as Professor Lelfeldt, in *Gold Prices and the Witwatersrand*, declares—"the uses of gold in the arts is restricted to the amount that can be conveniently spared in time of need." With a free gold market the commodity price would rise certainly very much higher than the present price.

Newman Thompson, in the *Economic Journal* for September, 1919, says: "They (the Government) cannot prevent the dealing in gold between private parties when the gold takes the form of jewellery, and we know that simple gold jewellery, practically devoid of any ornament, and therefore of value only for its metallic content, is sold from £7 to £8 per ounce."

Gradual cancellation to a stage of parity with gold is the only remedy—but is it possible? The Marxian student feels with Herman Cahn that "the development of the system of fictitious money is progressing at such a rate that there is no telling how soon the hour may come when it may be wrecked by its negation of the theory of value."

## THE LABOUR COLLEGE AND LOCAL CLASSES

**W**E desire to call the attention of all Class and Branch Organisers, Lecturers and Secretaries to the letter from the Secretary of the Labour College which appears on our Correspondence page this month. It is obvious that in making their plans for developing and strengthening the Provincial Classes the Governors must be guided by the information put before them by those who are in actual touch with the work. We would therefore urge our active workers everywhere to send in particulars of their activities *and their needs*, and to do so without delay. The College ought to be the centre of a unified organisation of Provincial Classes; only so can it keep in touch with the real needs of the Working-Class Educational Movement—and only so can the Classes get the help from the College which they have a right to expect.

The Governors are ready to act. Give them something to act upon.

## PRODUCTION AND POLITICS

**I**N the course of recent studies into the nature and origins of British political institutions, I have found so striking a connection between the social and political forms and phases of any given time and the methods of production then prevailing, that I have decided to bring into relief ~~for the benefit of students and teachers~~ the striking confirmation of the Materialist Conception of History that I find in the history of this country.

It is not only in history, as revealed by customs having the authority of law or in ordinances and statutes bearing the sanction of Crown and Parliament, that this evidence occurs. It is to be found also—and most obviously—in the place names and word forms of the English speech, in the traditions of the people and in their religious beliefs and forms. Everywhere is the impress of the tool scored across the material and spiritual expression of the popular genius.

## THE MOTHER AND THE SPADE

X Before the coming of men of Aryan stock there appear to have been in the British Isles—in England in pre-Celtic times and in parts of Scotland and Ireland, though subject to cross-breeding with other peoples of more recent settlement, until the present day—a race of Neoliths, perhaps of Basque

affiliation and of the Iberian family, who made their homes upon the high ground and avoided the open and grassy or wooded and swampy lowlands, whether valleys or plains. This people was, probably, responsible for the promontory camps and some of the stone circles and earthworks existing on the West Country Downs, on the Pennine moors, in Scotland and, very frequently, in Ireland and Cornwall.

They, at the time of their appearance in England, were perhaps still in the pre-tribal stage of society and may have been organised not upon the *Kin* relationship, but upon the still older basis of the *totem*.

"Totemism," says Mr. Gomme, "takes no count of fatherhood, and only reckons with the physical fact of motherhood. It is not the actual fatherhood or the actual motherhood which is the fundamental basis of totemism, but the association with animal, plant, or other natural object . . . totemism is, in its origin and principle, a kinless, not a kinship system." (*Folklore as a Historical Science*.) "The search for the origin of totemism must," he says, "be made from the women's side of the social group. Such a search would lead straight to the industrialism of early woman, from which originated the domestication of animals, the cultivation of fruits and cereals, and the appropriation of such trees and shrubs as were necessary to primitive economics." Speaking of beasts and trees, Mr. Gomme remarks:—"As superhuman agencies for pregnancy and birth, they would do what the human father in the society we are contemplating could not be expected to do, for he would be seldom present during the long period of pregnancy; he would have shared with other males the privileges of sexual intercourse, and he would, therefore, not be so closely in companionship with the women of the local groups as the friendly animal, plant, or tree who did so much for the mothers."

In the beginnings of totemism, then, the woman ate of the fruit of the tree, partook of the bird which carried the soul or breath of life—in some parts, a dove—or, encountered some creature of the river, the sea or the forest, and so became a mother.

When mankind became conscious of the consequences of the sex-contact, and I am informed that there are savages in West Africa to this day who are not fully conscious of it, the blood-kinship developed, with the theory that descent was to be traced from some animal, bird, fish, or natural object.

In Scotland the MacLeods, for instance, were held to be descended from a serpent. In Ireland, the hero Cuchulainn (Hound of Culain) might not eat the flesh of the dog, "his namesake's flesh." Another Irish hero, Diarmid, was associated with the pig which, to-day, is still called "Darby" by the common people. In Lancashire and Scotland, the goose was a bird in whose honour feasts were held, but at which the sacred creature was not eaten.

Even when the sex-relationship was recognised, men still continued to believe in some very vague expressions of its functioning. For instance, one Highland saint was thought to be the son of the bone-dust of warriors.

From pure totemism, society came to be organised on the basis of the marriage of the sisters of one totem-Kin to the brothers of another totem-Kin. "Advanced totemic society shows a constant tendency to substitute blood kinship for the association with natural objects: first, blood-kinship with the mother, then with the mother and the father, finally recognised through the father only."

"Blood-kinship is, therefore, the destroyer, not the generator, of totemism."

I could give scores of illustrations of belief held in various parts of the British Isles that point backwards to primitive totem ideas in this country. The folklore of Scotland and Ireland, as of the North of England, abounds with instances of them. Such notions must have originated in a condition of society in which the pairing family was unusual and in which the contacts of the sexes were occasional and promiscuous. That the life union of man and wife is of no immemorial antiquity in Scotland is evidenced by the survival of the Gretna wedding, the informal marriage achieved by simple statements made and implicitly acknowledged by silence if not by spoken assent on the woman's part, and binding for seven years. This Scottish form of union is a survival of the early pairing system, transitional from promiscuity to marriage for life. In the early stages of tribal society, when man and woman did not pair, the man visited the woman in *her* family homestead and the children knew with certainty only their mother, her brothers, her sisters and those of the matriarchal kith and kin. This state of affairs prevailed at a time when the technique of production was so slender that neither from the chase, nor from the keeping of herds—then in its inception—nor from the art of tillage was any appreciable surplus to be accumulated which might constitute property.

The men went out to the hunt with the crudest of wooden and stone implements and brought back carcasses that would not be stored and which, beyond the food immediately consumed, yielded only pelts and skins to be scraped and sewn into garments or for use as hut coverings. The catching and taming of food-giving animals was just beginning, and all other economic activities were in the hands of the women, who, apart from simple weaving of fibres and making of clay-vessels, contrived and used the *digging stick*, with which they tilled small patches of ground outside the hill-village and within easy reach of home and its protecting rampart of earth. This primitive agriculture was that which gave us the mysterious "terraces" running in parallel ridges along the hill-sides in various parts of the West of England, Yorkshire and in Scotland, and which are now, fairly generally, conceded to be the relics of this original method of cultivating corn by means of an implement like a hoe or a *mattock* and evolving gradually into a *spade* and from that into what we may call a *hand-power plough*.

This digging-stick is still in use amongst the hill-tribes of India and was, as the "Highland spade," the prevailing means of land-cultivation employed in Dumbarton and in the Orkneys within the last century and a quarter. Developing from the "Highland spade" was the "caschrom," which, says Mr. G. L. Gomme, "is a crooked piece of wood, the lower end of which is about 2½ feet in length, somewhat thick, pretty straight, and armed at the end with iron, made thin and square to cut the earth. The upper end of this instrument is called the shaft, and the lower is termed the head." The method of using it was for the labourer to stand on his left foot, hold the "caschrom" firmly by the shaft, rest his right foot on a peg, just below the angle, drive the head deep into the ground and, turning it over towards the left, throw the clod on that side and proceed to deal with the next clod in the same way. It was said to enable a man to do the work of four using common spades.

The members of a village group used to engage co-operatively in what we may call "digging gangs." This method employed by the Basutos and the

Fijians alike was used also by the Scotch. Quoting Ure's work, *Agriculture in Dumbarton*, Mr. Gomme writes, in his *Village Community* of the use of the "Highland spade":—

It is the common practice for eight or ten men and women to assemble with their spades for the purpose of digging a piece of ground, and form themselves into a row at a convenient distance from one another; they cut with their spades a line in the ground, 9 or 10 inches deep, and then, with one united effort, throw over at once a furrow or piece of ground about 18 or 20 feet in length, and 8 or 10 inches in breadth.—(p. 282.)

That description, probably, would suffice for the digging of the terraces or ridges around and below the hill-villages of the ancient tribal groups of Britain.

With so primitive a tool it is easy to understand that the crops grown on stony ground, in little trenches, formed of leaf-mould and handfuls of soil, would not yield sufficient store of ears of grain to feed the settlement, to leave over a supply of seed and, at the same time, to constitute a stock of corn to maintain a large herd of animals during winter.

The toil would be heavy and the result not adequate enough to attract the adventurous and inconsequential, because unencumbered, male either to take up the burden of labour or to appropriate the spoils as property.

Hence, with this system of cultivation and this tool the *Kin* remained undivided and *mother-right* prevailed.

J. T. WALTON NEWBOLD

(To be continued.)

## "UNBIASSED" HISTORY: AN EXPOSURE

(Concluded)

Last month I gave Mr. J. A. R. Marriott's description of the crucial point of the French Revolution of 1848:—

A crowd collected in front of Guizot's hotel [he means the Ministry of Foreign Affairs]; a pistol shot killed the officer in command of the troops guarding the Foreign Office; the troops fired; some eighty people were killed or wounded, and, in a trice, the bleeding corpses were placed on tumbrils and paraded through the streets of Paris. The tumbrils could not have been extemporised; the pistol shot was obviously pre-arranged to provoke reprisals from the troops and to generate the excitement hitherto lacking among the mob.

I urged readers to study it carefully, and then reflect that there was not a word of truth in it. To prove this, with chapter and verse. A minor point first. There were not about 80 people killed and wounded, but over 100—36 dead and 74 wounded. To these we must add the 16 corpses which were placed on the single cart carrying the dead (not the several "tumbrils," which only exist in Mr. Marriott's imagination). Total: 126, not 80.\* Again, the officer in command was not killed, either by a pistol shot or by the wrath of God. His name was Courand (Lieut.-Colonel), and he lived to give evidence concerning the volley before the court of Inquiry. For, unfortunately for Mr. Marriott, after the fall of Louis Philippe it was proposed to put the Guizot Ministry on trial for having shot down the people. They were never tried, in fact, but the authorities collected a vast number of eyewitnesses' depositions concerning, among other things, this very massacre on the Boulevard. From these depositions it appears that what happened was as follows:—

A long procession of peaceable workers, headed by Schumacher, a Lieutenant

\* A. Crémieux: *La Révolution de Février*, p. 195. The figures are official.

of the National Guard,<sup>1</sup> was marching rather aimlessly about Paris. It went to the offices of the *National*, a reformist paper, and advanced to the Boulevard des Capucines. Here the whole road was occupied by the 14th Regiment of the Line. Schumacher begged the Colonel, Courand, to let the procession pass. It was impossible to turn so vast a crowd back, and there was no other way.<sup>2</sup> The Colonel refused. Already, with the tail of the procession still marching and the head held up, the pressure was becoming terrible and the ranks of the soldiers were breaking. Everything was quite friendly, the people were crying *Vive la Ligne*, and Schumacher renewing his entreaties, when the Colonel, seeing the ranks breaking, gave the order to fix bayonets. The rifles were loaded, and one during this operation went off, and was followed by an irregular fire from the soldiers, every shot of which told on the helpless massed crowd.

This is not all strictly certain. There may have been an actual order to fire (Depositions 109, 608 and 609) given by the Colonel; but on the whole the evidence is against it. There is a certain amount of evidence for the single shot before the volley<sup>3</sup> which I have accepted in order to be strictly fair to Mr. Marriott, but the evidence is nearly all that of officers desirous of excusing themselves and proving the volley provoked by accidental causes outside their control. The evidence seems to point rather to a desultory fire starting with a deliberate volley.<sup>4</sup> There is no evidence for a deliberate provocative "pistol shot" from the popular side as imagined by Mr. Marriott.

The story was not invented by Mr. Marriott, it was merely revived by him. In its original form it was to the effect that it was not Schumacher who led the column, but a revolutionary named Charles Lagrange, who also fired the provocative pistol-shot. This story was abandoned by 1851<sup>5</sup> and has, of course, been entirely exploded by the evidence at the inquiry, which has been available only within the last twenty years. I have tried as a matter of interest to discover the origin of this piece of gossip, which found its way into the *History* by that inflated egotist Lamartine. The only account by an alleged eyewitness is one by De La Hodde (*Histoire des Sociétés Secretes*, p. 156). He was a police spy, and he told the most outrageous falsehoods in his history, of which I happen to possess a copy. As an authority he is, of course, nothing—Lagrange was not even present on the Boulevard, but far away across the river. I mention this as a matter of interest, not because this police-spy story is taken seriously by anyone except Mr. Marriott.

Just for a moment we will leave Mr. Marriott and glance at another respectable historian, M. Maxime Ducamp, whose book, *Souvenirs de 1848*, is officially recommended at Oxford. He perceived that the pistol-shot story was no good any more, therefore he produced another. A Corsican sergeant of the 14th Regiment, named Giacomini, he said (p. 34 onwards), had informed him that what happened was this: The leader of the procession advanced towards the Colonel, and thrust a torch into his face, not once nor twice but several times. Giacomini, being devoted to his Colonel (here Ducamp insists a little sob-stuff on the decline of ancient loyalties, etc., and "what a fine type that was,

<sup>1</sup> Schumacher Deposition (No. 608), also Daniel Stern: *Histoire de la Rév. de 1848*, p. 137.

<sup>2</sup> There was a tiny alley way called the Rue Basse, far too small for a crowd to use.

<sup>3</sup> Depositions 386, 291, 294, 322, 572, 573.

<sup>4</sup> See particularly Nos. 610, 84, 686, 115—there are others—also N. Castera: *Triomphe de La Liberté* (Paris, 1848), p. 95; E. Levasseur in *La Revolution de 1848* (periodical), vol. ii. p. 2. R. Lehmann in *Revue Bleue* 4th Series Vol. iii, p. 649.

<sup>5</sup> See Stern, *op. cit.*, p. 139.

my boy," and so on), and tired of this whisker-singeing, shot at the offender. The regiment took this shot for the usual signal, and volleyed.

You observe the idea. The "pistol shot" has fallen through, but the revolutionaries must be blamed somehow. Unfortunately, Giacomini, as he had probably forgotten, testified at the inquiry. This entirely colourless witness (numbered 385) fully bears out the story we have given and does not even refer to Ducamp's fantasy.<sup>1</sup> That settles that.

To Marriott again, for there is still another false statement in these few words. He says in effect that "tumbrils" appeared mysteriously after the volley. They had been kept in reserve by the revolutionaries secretly as part of the plot—at least that is the puerile suggestion to be extracted from Mr. Marriott's account.

This is really too much. There never has been any doubt about the "tumbrils." In the first place, there were no "tumbrils." There was one large cart, dray or lorry, used for removing luggage, which appeared just about the time of the volley, and was stopped by an officer. The flying crowd seized on this accidental arrival and threw out the luggage and placed inside sixteen dead.<sup>2</sup> That was all.

There is yet more of Mr. Marriott to be dissected, but I will hurry the pace. We note in passing (p. liv) a curiously twisted and misleading account of the formation of the Provisional Government, and a suggestion that Albert, one of the two Socialists of the Government, was lying when he declared himself a working-man. He was a working-man, as is quite well known.<sup>3</sup>

On p. xciv we come to the point which Mr. Marriott has been working up to. The inherent wrongness of Socialism was responsible for the failure of the National Workshops from March to June, for whose initiation they were also responsible.

Very well. We will compare the Socialist proposals with the workshops. Fortunately, the relevant facts are all in the two books Mr. Marriott has edited and are mostly quoted in his introduction, so I am absolved from the need of giving more references.

Louis Blanc and the Socialists proposed that the State should take over workshops whose employers were faced with bankruptcy,<sup>4</sup> and in addition create "social workshops" to be run co-operatively by the workers of the various trades with State capital and under a general State supervision.

The "National Workshops" piled together skilled and unskilled unemployed without distinction. They were all turned on to absolutely trifling navy-work. Sufficient work was only provided for a quarter or less of the personnel. Co-operative workshops did not exist, the men were sent out in gangs to do odd jobs. They were organised semi-militarily, under "Brigadiers," and the greatest care was taken of their political opinions, which were subjected to a "service of Moralisation." The aims of the directors were (Marriott, lxxx-lxxxi) to use the whole instrument as a counterweight to the Luxembourg. The Director

<sup>1</sup> A word about Ducamp. A Paris *flâneur* and journalist who wrote history of a kind, he published a work in which he alleged that by inspecting the graveyard records he had proved that the Communard victims of Versailles' ferocity in 1871 numbered only 6,000. A serious historian (C. Pelletan) then investigated these very records and discovered that Ducamp had suppressed or forgotten between twenty and thirty thousand corpses. And this gilded Johnny is solemnly recommended by the Oxford Faculty of Modern History as an authority!

<sup>2</sup> See Depositions 87, 473—Stern, *op. cit.*, p. 141: De La Gorce: *Histoire de la Inde. Republique*, p. 57—in fact, almost any history.

<sup>3</sup> See Larousse: *Dictionnaire Encyclopédique*; s.v. "Albert" and Louis Blanc: *Histoire de la Revolution de 1848*, p. 68.

<sup>4</sup> In 1848 there was a severe commercial crisis.

was told to keep a close hand on the men. He was offered secret funds. He used the men to break up Socialist processions and for election propaganda. He was warned that they might have to be brought out into the street armed, to fight the Socialists. And so on—there is any amount of evidence.

And this is alleged to be a trial of Socialist Right-to-work principles, of Louis Blanc's plans! I pass the cake to Mr. Marriott; he has a right to it. A man who will say that, will say that Koltchak's failure was the proof of the failure of Sovietism, or that Mr. Pussyfoot Johnson's right eye is a proof of the advantages of Malthusianism. The statement has no sense. The Workshops were a carefully trained loyalist force which was dissolved after it had whacked the Socialists. . . .

I am tired of Mr. John Arthur Ransome Marriott, and so are we all. But if any reader of the PLEBS has followed me as far as this in the dissection of John Arthur, I would like to say this:—It appears to me that the detail work of exposure is not useless. We Marxists are weak on matters of detailed facts. We are not habitually able to meet our opponents in matters of historical research. Yet we cannot expose them except by a really detailed and thorough study of crucial and typical incidents. Belloc has exposed some of the poor stuff which University Instructors (in the *Cambridge Modern History*) palm off on us about the first French Revolution. But much remains to be done; nor is there any other way of discrediting capitalist history than by exposing its errors and distortions in regard to actual, tangible, detailed points of facts.

R. W. POSTGATE

## CORRESPONDENCE

### THE LABOUR COLLEGE AND LOCAL CLASSES

**D**EAR COMRADE,—The Governors of the College have decided to inquire into the whole position of the Local and Provincial Classes Movement with a view to seeing what steps can be taken to assist its development. The January Conference of the Plebs League at Manchester made various suggestions as to the lines upon which this proposed assistance from the College might be most effective, and no doubt these proposals will be formulated in detail for the guidance of the Governors by the Executive of the Plebs. What is most important, however, is that Classes everywhere should draw up a statement of their past and present activities, and of their experience and difficulties under the present methods of organisation. Such reports would be invaluable to the Governors in coming to a decision upon the question of how best to assist the existing areas where Classes are regularly held, and also in extending the effectiveness and scope of the movement generally. Will Class Lecturers, Organisers and Secretaries (past and present) kindly forward all particulars at their disposal at the earliest possible moment, so that no unnecessary delay may occur in placing all the available information before the Governors at an early date? And delay in doing as here requested may considerably retard the Governors' efforts to co-ordinate and strengthen this most valuable part of our educational activities.

Yours fraternally, GEO. SIMS,  
Secretary, Labour College.

### ERGATOCRACY AND "GREEK"

**D**EAR COMRADE,—The editor of *Truth* must not be allowed the last shot in a dropping fire. It is not a question of venting a Latin quotation or alluding to a Greek myth, but whether, when a new name has to be found for a new object or a new idea, we can most usefully, on occasion, avail ourselves of the rich resources of the Greek tongue. English borrows abundantly in this way, and to great advantage. Our German cousins usually prefer to coin compound words from vernacular roots. Thus, they ring one another up on a *Fernsprecher*. But when they wish to describe the method of communication, they call it *telephonisch*. In Duluth, do they talk of "farspeakers" or of "telephones"? When they are busy in the *Truth* office, they probably shorten the word to "phone." But "phone" is very good "Greek." Why, again, does Comrade Carney write "the cheap demagoguery of the politician," when he might write in English "the cheap folk-leadership of one skilled-in-the-doings-of-the-city"? As for Herbert Spencer, whose authority he quotes, let him refer to p. 154 in the PLEBS for October, 1919!

Yours fraternally,  
EDEN and CEDAR PAUL.

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Liverpool Plebs League branch was inaugurated on May 20 and D. O'Hagan, 74B, Limekiln Lane, is the Secretary *pro tem*. All comrades in the district are cordially invited to a further meeting in the B.W.I.U. Club, 52 Byrom Street, on Wednesday, June 16.

## STUDENTS' PAGE

## ECONOMICS

(1) Q.—*What is the difference between the rate of profit and the rate of surplus-value?*

A.—The rate of *profit* is reckoned by the capitalist on the total sum expended in wages, raw material, machinery, etc. Thus, if he spent £900 in machinery, materials and accessories (called by Marxians *constant capital* because its value is transferred unaltered to the finished commodity) and £100 in wages (called *variable capital* because the labour-power bought yields in its consumption more value than its cost), and if he sells his commodities for £1,100, he has made £ $\frac{100}{1100}$ , or a 10% rate of profit.

The rate of *surplus-value* is not reckoned on the constant plus variable capital, but on the *variable* alone. In the above example it would be £ $\frac{100}{100}$  or 100%. The abnormal rates of profit in particular cases, about which we have recently been reading in the newspapers, and which have ranged over 3000%, would seem more enormous still if stated at the rate of exploitation or surplus-value. As constant capital increases, the productivity of labour increases; the rate of profit descends, while the rate of surplus-value goes up.

(2) Q.—*What is the difference between cost of production and price of production?*

A.—The *cost of production* is the actual outlay of the capitalist in wages (variable capital) and in wear and tear of machinery, raw material, etc. (constant capital). Orthodox economists call this the *cost price*.

The *price of production* is the above plus the average rate of profit as determined by the competition of capitals varying in their organic composition—*i.e.*, varying in the proportions of variable and constant capital to each other. Take an actual printer's estimate for printing and supplying 30 crown folio bills (*Justice*, July 24, 1919):—Paper, 6d.; Composition (1½ hours at 1s. 6d.), 2s. 3d.; Press (Machine and Man), 40 minutes, 2s.; net cost, 4s. 9d.; Profit (roughly 25%), 1s. 3d.—6s.

Here 4s. 9d. is the cost of production and 6s. is the price of production. When the product of the whole social capital is discussed, and the average composition found, the difference between the price of production and value does not exist. The classical school attempted to determine value by working backwards and making it the sum total of the sections of revenue divided out of the initial value of the commodity. Marx showed how the value of the commodities must be made in production before it could be realised and distributed. The orthodox economist, like the capitalist, forgets the process of production in the apparent mysteries of circulation.

(3) Q.—*What is the exact relation between the industrial capitalist, the distributing capitalist, and the banker-financier?*

A.—They are the representatives of the three divisions of modern capital: the industrial, the mercantile, and finance or money capital. Industrial capital functioning in production is in

modern times the most important. It is in production that the surplus value is created which the merchant or circulating capitalist after realises. And all the credits manufactured by the banker, all the services he performs for the industrial capitalist, are based upon the expectation of sharing in the division of the unpaid labour of the wageworker. Because of this, because the modern merchant and financier are different from the twin-brothers, the merchant and usurer of pre-capitalist conditions, "appropriation of surplus value by the production of commodities" is an integral part of the idea of present-day capital. Money developed in trade made hoarding possible, and the hoarder became the usurer. He played Shylock to the merchant's Antonio. He also supplied money to the extravagant aristocrat and to the small self-employed peasants and artisans driven into his clutches by ill-fortune. The history of Ancient Civilisations records the self-destructive nature of usurer's capital, and shows how by forcing the introduction of chattel slavery it undermined the conditions necessary for its own existence.

But the modern banker does not thrive by transforming needy peasants and artisans into slaves or serfs. The old usurer still persists, but plays now only an insignificant part—helping *wage-workers* driven to the pawnshop to obtain personal necessities, and obliging individual spendthrifts, small farmers, tradesmen and small-scale capitalist producers. The modern wage-worker (who is not self-employed) and the Trust have no need of the moneylender. Another big difference is that while the usurer lent his own and real money the banker to-day lends that of others and only lends credits to the potential capitalist. No general rate of interest in any country existed in the Middle Ages, for Marx quotes rates ranging from 10% to 216½%. Nowadays the law of a general rate of profit governs money-capital as well as the other kinds of capital.

What does the merchant or commercial capitalist do for the chief capitalist? He functions only in circulation and, by specialising in that sphere alone, increases the rate of turnover of the industrial capital and thus the productivity of capital as a whole. The small producer of mediævalism was quite aware that no extra value was produced in circulation, and so he combined pleasure with business in the old fairs. As mentioned above, the merchant realises and does not produce value, but from his share of the surplus-value embodied in the commodity gets the average rate of profit on his capital.

What does the banker perform? He is no longer a moneylender or a mere custodian of deposits. Cahn says (*Capital To-day*, p. 117): "Modern banking represents money-capital originally derived from the industrial (productive and mercantile) capitalists which has become specialised as a distinctive form of capital, having its own particular function in the capitalist system of society, equally with the two other



divisions of the social capital, the productive and the mercantile."

Here is a brief summary of his functions:— (1) He gathers all the available and potential capital of society and makes it available for the industrial and commercial capitalists. His "division" of labour is to be the universal book-keeper and to gather and distribute the now im-personal capital. (2) As a representative of banking-capital he controls the all-important credit system with its vast creation of money of account. The immense saving effected by using these titles to wealth instead of actual money,

how they originate and their final effect upon capitalism—these are too great to be treated here.

Untermann's *Marxian Economics* (chaps. viii and xi and xviii), *Capital*, Vol. iii (chap. xxxvi), and *Capital To-day* (2nd edition, chap. vi) all illumine the growth and modern functions of mercantile and banking capital. Chapter x in Hobson's *Evolution of Capitalism* gives details of the abuses and the darker side of the financier in "bogus" companies, "bulls" and "bears" and such like.

MARK STARR

## NEWS OF THE MOVEMENT

**W**E hope to be able to publish each month in future a Plebs Branch Directory. In order to facilitate organisation, comrades are urged to form branches wheresoever two or three Plebeians are gathered together, and to forward to headquarters the name of the secretary.

*Important.*—Will the present secretaries of the following branches kindly send their names and addresses, and if any branch is not included in the list, please let us have particulars at once:

Birmingham, Halifax, Chesterfield, Warrington, Wigan, St. Helens, Bury, Wolverhampton, Doncaster, Dowlais, Barry, Colne, Tredegar.

### PLEBS LEAGUE BRANCHES

BRADFORD.—Secretary, Mrs. A. Coates, 141 Gurlington Road.

LEIGH.—Secretary, H. Donlan, 20 Platt Street.

MANSFIELD.—Secretary, G. J. Williams, 48 St. Andrews Terrace, Littleworth.

MANCHESTER.—Secretary, J. McGee, Woodlands Lodge, Crescent Road, Crumpsall.

NORWICH.—Secretary, A. Segon, 41 Stafford Street.

WORKINGTON.—Secretary, M. Campbell, Rose Cottage, Stainburn.

SHEFFIELD.—Secretary, Mrs. L. Madin, 109 Devonshire Street.

LONDON — WALTHAMSTOW.—Secretary, G. W. Brain, 51 Cleveland Park Avenue, E.17.

WOOLWICH.—Secretary, L. Barnard, 84 Granby Road, Eltham.

BARKING.—R. F. Martin, 47 Clarkson Road. (Sec., *pro tem.*)

UPPER RHONDDA.—D. W. Thomas, 29 Clark Street, Treorchy.

PONTNEWNYDD.—W. G. Davies, Myrtle House, Pontrepiod.

GARNDIFFAITH.—R. Gilbert, Vernon House, Stanley Street.

GARNANT.—D. R. Owen, Stepney Villas.

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Will the following Plebs members please send their addresses to the Secretary:—E. Jope, P. Parsons, J. Shepperd, J. Buckley, R. Hocking.

Manchester Labour College has been successful during the past six months, and the financial report shows a balance on the right side. The Secretary reports twenty-five classes organised, with 459 students, twenty-four affiliated Trade Unions, one Trades Council, and three Labour Party branches. All Plebeians in the Manchester district should get in touch.

Sheffield Labour College has had a splendid session and has 62 affiliated societies, including Trade Unions, Labour Party branches, I.L.P., S.L.P., and B.S.P. branches. The sales of PLEBS in Sheffield have increased by over a hundred, which is due to the energy of Mrs. Madin, the secretary, and also to the fact that the lectures and classes have been so well attended. Everyone is looking forward to big things during the coming winter session.

The newest Plebs branch is in Upper Rhondda, with D. W. Thomas as its secretary. Although we have always had a good number of Plebeians in S. Wales, we have never had a strong branch organisation. We hope other centres will be formed and propaganda work undertaken. And if branch members will push the Magazine in T.U. branches, and organise sales through local book shops, they will be helping us very materially. With a 6d. Magazine in prospect, we want all our friends to get busy.

### SPECIAL NOTICE

Nominations for the Executive Committee should be forwarded before June 15. It is necessary that each nominee should be proposed and seconded by (paid-up) League members. Nominations for Honorary Secretary and Editor are also asked for.

Executive meetings: 8.

### ATTENDANCE

Lancelot Hogben, 3; George Mason, 5; B. Skene MacKay, 3; C. T. Pendrey, 5; C. Terry, 6; T. Quelch, 1; Mark Starr, 6; Winifred Horrabin (Hon. Sec.), 8.

It will be remembered that J. T. Walton Newbold and Robert Holder were elected to the E.C., but that in view of the fact that they were out of town Lancelot Hogben and George Mason were co-opted in their stead, they being next on the voting list.

Manchester district is instituting "Plebeian Rambles." The rambles from June onwards will be conducted from the Manchester Labour College (32A Dale Street) every Sunday morning 9.30 prompt. A syllabus is being drawn up. Meantime all particulars can be had from H. Adler, at above address.

\* \* \*

At long last steps are being taken to co-ordinate the movement for Independent Working-Class Education in London. Various organisations—the N.U.R. District Council, the B.S.P., etc.—have been running classes during the past

two or three years; and a few weeks ago some of the active workers got together and convened a Conference at the Labour College on April 25, at which a provisional committee was formed. A further conference was held on May 16, and on June 13 another meeting is to be held, at which various definite decisions are to be made. J. H. Burns is Hon. Sec. We hope that whatever constitution is decided upon, the new co-ordinating body will make it clear at the outset that it is interested solely in REAL working-class education, and that it will rally to its support no one who believes in Impartiality, Tepidity, or Menshevism. W.H.

## REVIEWS

MR. SNOWDEN AS ECONOMIST

*Wages and Prices.* By PHILIP SNOWDEN. (Faith Press, Buckingham Street, W.C.1., 1s. 6d.)

THE present struggle against the high cost of living is a more or less conscious struggle against capitalism. In dealing with wages in relation to prices an analysis of the whole structure of capitalism is involved, and in *understanding* them a highly valuable insight is given to any student. That is why the topic of this book is of vital importance just now. Loose thinking and dangerous fallacies abound inside and outside our movement. Now, more than ever, the occasion demands a clear grip of the elementary laws of wages and prices.

Mr. Snowden has used his freedom from Parliamentary duties to present a very readable exposition of his ideas upon this subject along with certain valuable facts detailing movements of wages and prices, the growth of trusts, and some of the remarkable mushroom fortunes of the recent war. These chapters (7 and 8) are to Plebeians the most valuable. His "tentative suggestions" are preceded by a short historical survey which, if perforce scrappy, does not lack "kick" when he describes the lot of the wage-workers after that "intellectual mastery o'er the blind elements," the Industrial Revolution. By his references to political economy not being an exact science, one fears that he has not clearly understood the "tendencious" nature of the subject which prevents that unanimity which exists in the natural, as contrasted with the social, sciences.

The regrettable lack of clearness in several places makes one feel that he is uncertain even of the grammar of the subject owing to his many differing counsellors. No economist can examine wages and prices nowadays without unconsciously or otherwise attacking or defending the wage-system. The unanimity of other sciences will only come in economics when it has been taken out of the hands of "the chaplains to the pirate ship," and when no vested interests prevent a scientific organisation of production and distribution.

Our author is happier in his pertinent criticism of the theory of Malthus, which formed the basis for the Iron Law of Wages, and also in his treatment of the various kinds of wages, of why women get a lower wage and of the family-

wage which follows the going out to work of the various members of the family. Descriptive work is his best side. But in explaining where wages come from, Mr. Snowden endeavours to replace the refuted Fixed Wage Fund theory by the Product Theory of Wages. Although a socialist, he relies on Marshall rather than Marx; and Marshall, without any explanation of how an increment is produced in *production*, thinks he has explained wages when in distribution of the revenue he allows the worker to take his share in company with the capitalist and landlord. Marshall and his fellow economists answer like a man who, if asked where and how he grew potatoes, would idiotically answer "that two pecks out of the crop went to Mr. A., three to Mrs. C., and so forth." It is a pity that Mr. Snowden is found in such confusing company. Especially since only a little effort on his part would have given him the true explanation of wages as that part of capital advanced to purchase the commodity labour-power, the value of which is determined by the amount of socially necessary, general labour-time needed to reproduce it. Or has training and Fabian influence made him determine to deliberately avoid anything the premier socialist economist ever wrote?

The nominal and real wages of the analysis might have been accompanied with an explanation of relative wages. When for example, to take one set out of the many interesting figures gathered, we are told that from 1900 to 1914 the general mean nominal wage of the principal industries only rose 6.5%, while profits assessed for income-tax rose from £436,000,000 to £670,000,000 and the cost of living had increased 16.5 per cent. There has certainly been a bigger decrease in relative wages (*i.e.*, wages in relation to profits) than the fall in real wages and which is otherwise unexpressed. Relative wages are important because they show the rate of exploitation. In the above figures, the wage-earner has got an advance in nominal wages of 6.5%, but the increase in the cost of living is 16% more, therefore real wages are gone down to that extent, but Schedule D, income-tax information, shows that profits have gone up nearly 54%, and thus the relative wage has gone down 47%. But surplus-value and its rate and the unique property of the commodity labour power are all ignored by our author as a Marshallite.

Mr. Snowden is not quite sure whether the efforts of trade unionism have hurt the employer or no. On page 45 he says that in the absence of trade unionism "the proportions taken in rent, profit, and interest would have been larger than is the case." But on page 47 he argues that because higher wages mean stimulated production from the increased purchasing-power of the working-class, "increased wages do not mean lessened profits . . ."

Apart from exceptional capitalists (who by preferential treatment obtain a picked body of favoured workers who repay the outlay by intensity above the average) the capitalist themselves by their unvarying opposition to wage-demands do not share this idea.

If the workers continue as at present to raise their standard of life and to act on the offensive they will constantly be forced to lessen profits. Can we believe that the fierce opposition to the start and development of labour organisations on the part of the capitalist has been entirely misguided? No, its very inception and growth is a challenge to the desire of the capitalist to buy labour-power as cheaply as possible and to consume it under his own undisputed control. The quicker we turn ourselves from a more or less instinctive, shapeless mob into a conscious, well-organised army with guerilla tactics left behind us, the better shall we be able to resist the Trust when it creates monopolies and menaces our attempt to win an improved standard of life.

Turning to the explanation of high prices, Mr. Snowden is clearly contaminated with the absurd quantitative theory of the relation between money and prices. No student understanding the Labour Theory of Value would attribute increased prices to the amount of gold, but to its variation in value, or think he had met the "orthodox explanation" by pointing out the smallness of the rate of increase. There is nothing so necessary to an understanding of the functions of money and its representatives as an insight into how and why gold assumed the functions of money just because it had intrinsic value. Though in his self-confessed looseness of definition our would-be teacher denies this! The primary function of money as a measure of value in addition to its consequent function as an instrument of exchange escapes him.

Mr. Snowden does not ignore the effect of the abnormal demand exceeding supply, but thinks "The main cause of high prices during the war is the increase of currency and credit." The cure for high prices is increased production! It is very disappointing to find this to be the conclusion of his analysis. One expected something better than this stale gramophone cry of the kept press from him. Shall we yet live to see the former M.P. for Blackburn inciting us on Government posters to work harder? Such an ending, alone, would make one suspicious of the road travelled. He, who thinks such a remedy is likely, while the untenable state of hostility foreseen even by John Stuart Mill as early as 1848 exists, is certainly out of touch with the spirit of the workshop

which is finding expression in the influential active minority. All attempts by speeding up production to deflate the currency and turn the bank originated money of account into representatives of real money will only strengthen the growing opposition to the prevailing method of production. A capitalist Government, heavily laden with an unimaginable debt of 10 to 12 thousand millions, will, for many reasons, cry for increased expenditure of energy by the worker rather than burn its Bradburys. Our best and wisest line of action is struggle, nationally and internationally, to retain our standard of life, improve it, lessen the hours of labour and leave high prices and the speeding-up of production to the boss. It is his funeral, let him dodge it if he can.

MARK STARR

*Suggestions for Local and National Machinery of the N.U.R.* By A. GODFREY. (Published by Yorkshire District Council, N.U.R.)

A brief survey of a problem generally recognised as pressing by the rank and file of the N.U.R. It should, at least, provide the basis for further discussion, and should give other District Councils the outline for an enlarged and broader basis for the overhauling of the Union's administrative machinery. The writer still wishes to retain the cumbersome procedure of the Conciliation Boards, but the attempt to unify grade and craft differences in the branch is a step in the right direction. Not only must the organisation be overhauled, but the new machinery must be such as can function in local and national control of the Railway Industry

E. C. S.

*The Better Germany in War Time.* By HAROLD PICTON. (National Labour Press, 5s.)

During the war the Allied Governments, in their task of making the world safe for Democracy, found it necessary to manufacture the opinion that every German was an incurable barbarian. The author of this book portrays the other and better German. He has collected a wealth of material from letters and memoirs to show that the German soldier and civilian was much like any other human being.

It is a record of the enemies' "good deeds," of their "reprisals of good."

Since the war we have travelled far, and the Germany of war time (better and worse) seems very remote. One is more interested in the Germany of Class War Time. While our author proves to the British public that the Germans were not so bad as they were painted, our own Junkers are busy creating more incurable barbarians—this time in Russia.

JIM GRIFFITHS

We hope to review shortly G. D. H. Cole's *Order and Chaos in Industry* (Methuen); A. J. Penty's *A Guildsman's Interpretation of History* (Allen and Unwin); Deslinières' *Meaning of Socialism* (B.S.P.); K. W. Spikes' *The Light of History* (New Teaching Series, Hodder and Stoughton); *Touch and Go*, by D. H. Lawrence (Plays for a People's Theatre, C. W. Daniels) and several books and pamphlets received recently.

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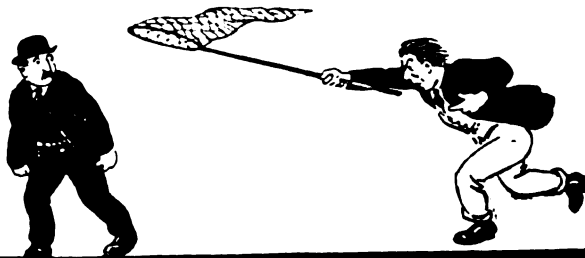
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