

EDITORIAL

THE SOURCE OF PROFITS.

By DANIEL DE LEON

ELSEWHERE in this issue we reproduce from the Vancouver, B.C., *Western Clarion* an article¹ in which Percy Rosoman takes a fall out of the *Appeal to Reason* of the previous September 24 for saying:

“All commodities have three principles: Value, price and profit. Value is the labor cost or wage of producing the commodity. Price is the selling value of the commodity or article, and profit is the difference between the selling value and the labor cost or wage. Profit, therefore, is the positive outcome of price.”

Except for the mistake—a mistake of judgment, not of economics—of holding that all United States Socialists are Appealites, and consequently exclaiming “No wonder the U.S. Socialists are all at sea”—except for that mistake Mr. Rosoman’s handling of the passage quoted from the *Appeal* is sound and instructive, and its reading is recommended. It shows how the error of looking to relieve the “consumer” is an error that is coiled at the root of the blunder of considering “profit” to be a result of sale.

At the risk of being called a “Scab,” a “Pope,” a “Boss,” or any or all of the epithets with which the *Appeal* is in the habit of meeting *The People’s* dissections of the *Appeal’s* misleading economics, we shall tale up from another side the passage which Mr. Rosoman has analyzed.

If it were true, as the *Appeal* claims that profit is the difference between price and value, then the consequence would be that, in the long run, the Capitalist Class is a pauper. The fact is that the Capitalist Class is rolling in increasing profits. Hence profit must be derived from some source other than sale, and the *Appeal’s* reasoning is false, as usual.

¹ [To be appended. Not included here.—R.B.]

Economics teach that “value” is the crystallized labor-power contained in a commodity and socially requisite for its reproduction.

Economics also teach that “price” is the money expression fetched by a commodity in the market, and that the said expression varies. Sometimes, if the demand is below the supply, falling below the value of the commodity; other times, if the demand is above the supply, rising above the value of the commodity; but, that in the long run, the supply and demand equaling each other, in all commodities, labor-power excepted, “price” coincides with the value of the goods.

The theory of economics fits the facts. Seeing that, in the long run, “price” and “value” of goods coincide; seeing, furthermore, that the profits accumulated in the hands of the Capitalist Class are on the increase, the conclusion is obvious that “profit” can not spring from sale, hence, cannot be the difference between “price” and “value.”

The knowledge of this fact is essential to all Socialist propaganda. Only that knowledge, easy to grasp, will lock the switches that lure away into the bourgeois quagmire of “cheap goods” as a benefit to the workers, and will keep the engine of Socialist propaganda on the tracks that lead direct to the center and source of wage slavery—the shop, where the worker is employed in production, and distribution, and other subfunctions of production, and where he receives only a small portion of the fruit of his toil, that portion being determined by the “price” of labor-power in the labor-market.

Transcribed and edited by Robert Bills for the official website of the Socialist Labor Party of America.
Uploaded November 2011

slpns@slp.org