The law of value and the dearness of commodities

By Paul Lafargue

Economic materialism, or to be more exact, *economic determinism*, which allows us to explain human evolution and which provides a scientific basis for history, *and the law of value*, the key to the secrets of commodity production, dominate the theoretic work of Marx.

The law of value demonstrates that the value of a commodity is constituted by the quantity of human labour therein incorporated. Allow that, says the Belgian economist, Laveleye, and Marx will prove to you, with his iron logic, that capital is unpaid labour, stolen labour.

The law of value, which culminates in such a frightful conclusion, has been the nightmare of the economists; those amongst them who have any scientific pretensions have take the field to overthrow it. All those who have attacked it have proclaimed, with as much exultation as the "socialistic" intellectuals, who for this ten years past announce from time to time "the decomposition of Marxism", that they have demolished the law of value, although this does not prevent new combatants, judging incomplete and in vain the wrecking work of their forerunners, from going on the warpath to make mincemeat of it.

The law of value, which has victoriously withstood all the assaults of the economists, alone can explain the general rise in the prices of commodities, the cause of which has been vainly sought. I will try to demonstrate this.

To propagate communism, to organise the workers in a class party and to struggle for the conquest of the public powers—to study the theoretic work of Marx and to use the two powerful intellectual tools, economic determinism and the law of value, that he has put at our disposal for interpreting historical events and economic phenomena, are yet some of the best ways to honour the memory of the militant agitator and communist thinker.

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The rise in the prices of commodities is general in the commodity producing countries of Europe and America; it is felt as far as China, which is scarcely beginning to enter capitalist civilisation. This rise is the more extraordinary as a general fall in prices would rather be expected, since, one after the other, industries are using more and more perfect machinery, which, in multiplying tenfold and a hundredfold human productivity, lower the prices of their products.

The dearness of necessaries weighs heavily upon the workers, who, if they do not buy iron girders, electric machines, silken stuffs and other industrial products, live upon bread which should be cheaper, since the production of wheat, which forty years ago, was in France from 14 to 15 hectolitres to the hectare, is to-day, thanks to agricultural progress, from 19 to 20 hectolitres.

Newspapers and magazines inquire into the causes of this disconcerting economic phenomenon. The recognised defenders of capital, without bothering their heads very much, have unearthed the true cause; they declare unanimously that the workers' higher wages and expenditure for luxuries and holidays let loose the tide of rising prices in the capitalist world. This cream tart has not quite satisfied the economists, who attribute its loosing to gold.

Some say that the quantity of gold serving commercial transactions is insufficient, although it increases every year by half-a-million of francs. Gold being relatively rare, its price, according to the law of competition, should rise, that is to say that the same quantity of gold should buy more merchandise; and it is precisely the contrary; one must give more gold for the same quantity of merchandise.

Others pretend that gold abounds, that the mines of Africa and America have thrown so much of it upon the market, that its price, still according to the law of competition, is depreciated every day and that it is to stop this decline that the Transvaal mining companies are trying to form a trust.

However, during these last sixty years, whatever has been the quantity of gold produced, it has always been immediately and completely absorbed by the needs of commercial transactions, of which the volume increases yet more rapidly than the amount of gold thrown upon the market. The American crisis precisely began by an insufficiency in the quantity of gold that the banks of New York and other cities had at their disposal; and in order to curb this financial crisis, which, as always, preceded the crisis of over-production, it was necessary to import from Europe all the gold available.

Nevertheless, it is in the variations of the value of gold that we must seek for the cause of the general rise in the prices of commodities.

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Gold and silver, because of their special qualities, have been chosen from all the metals to be monetised and to serve for national and international means of exchange. The capitalist nations thought that once for all their values could be established in the proportion of 1 to 15, that is to say that 1 gramme of gold was worth 15 grammes of silver; and it is according to this proportion that they have struck their gold and silver money. For example, a 20 franc gold piece weighs 6.6 grammes, while 20 silver franc pieces weigh 100 grammes. But this legal proportion, guaranteed by the governments of the bourgeois nations, is a lying fiction, as are the institutions and the principles of capitalist society.

Melt down 3 one franc pieces and you will get a little mass of silver weighing 15 grammes; take it to a dealer in precious metals and ask him to exchange it for 1 gramme of gold; he will refuse—he will ask of you 36 grammes of silver for 1 gramme of gold; for at the current rate the kilogram of gold is worth 3,427 francs and the kilogram of silver 95 francs, that is, only one-thirty-sixth as much. And if he knows a little of the history of monetised metals, he will tell you that since 1838 the legal proportion between gold and silver has been real but once: in 1861; and he will add that from 1833 to 1864 the variations of the legal proportion were maintained within narrow limits; but that in 1872 began the fall in the value of silver, and that in 1876 an English commission was appointed to inquire into the depreciation of this metal.

Variations in the Value of Gold and Silver from 1833 to 1908

Years	Gold	Silver
1833	1 gramme is worth	15gr. 41
1840	1	15gr. 12
1852	1	15gr. 09
1859	1	14gr. 70
1861	1	15gr. 00
1872	1	16gr. 13

1876	1	18gr. 56
1908	1	36gr. 07

The values of gold and of silver then, are not fixed quantities, since they have continually varied in the course of three-quarters of a century. Why have they varied?

From 1833 to 1852 the value of silver falls, since one must give 15 grammes and a fraction of silver for one gramme of gold. During the period 1852 to 1859 the mines of Australia and of California had thrown their gold upon the market. An economist said that gold was depreciated by its abundance; however, in 1857 there broke out in the United States a financial crisis, because, as in 1907, there was not enough gold, because there was disproportion between the volume of business and the quantity of money capital necessary for the transactions.

But two years later gold goes up again and one must give 15 grammes of silver for 1 gramme of gold. And from 1872 down to our day the value of silver decreases constantly. During the period from 1872 to 1908, gold and silver have been produced in great quantity: it is then not their scarcity in the market that can have caused their variations in value.

The reasons given by the economists, therefore, cannot explain these variations in value of gold and of silver, which are explainable only by the Marxian law of value.

From 1833 to 1852 only the old gold and silver mines are worked and the methods of extraction remain the same, that is why the values of gold and of silver are about constant. But from 1852 begins the working of the Australian and Californian gold mines, which being very rich, exact less human labour for the extraction of the metal; gold consequently loses value, while silver, which continues to be extracted with the same quantity of human labour, keeps its value. When the Australian and Californian mines become worked out, the extraction of the metal exacts more human labour, the value of gold goes up again and in 1861 gold and silver are at par, that is to say, their values correspond with the legal proportion.

From 1864 on, silver mines of extraordinary richness are worked in the United States and in Mexico and for the same reasons the value of silver falls, while gold keeps its value.

During the course of the last 75 years gold and silver have alternatively lost value, because the metal extracted contained less human labour, as according to Marx's law, the value of all commodities of capitalist society (wheat, precious metals, boots, cotton stuffs, etc.), is measured by the quantity of human labour that it was necessary to expend in order to produce them.

When in an industry the introduction of a machine reduces the required labour, not only the commodities produced with this machine lose value, but also, the commodities of the same industry that are produced without its aid: for the same reason the quantities of gold extracted in California and in Australia from 1852 to 1859 and the quantities of silver extracted in the United States and in Mexico from 1872 to 1908 have, not alone fallen in value, but have lowered the value of all gold and of all silver circulating in the capitalist world.

The exhaustion of the Australian and Californian gold mines, in rendering mining as costly in human labour as before, caused the value of gold to rise again; the working of the rich gold mines of the Transvaal with the aid of new mechanical and chemical processes, which reduce the necessary labour, together with the employment of Negroes, of Chinese and

Hindoos, but very poorly paid, lowers once again the value of gold.

Silver money, which has lost 52.5 per cent. of its value, since a 1 franc piece is worth but fr 0.475, is no longer employed in international exchange; it is current but in its own country because, like the bank note, it is legal tender and can be exchanged for the gold money, which alone can be employed in international exchange, because gold is the monetary standard of capitalist nations.

But gold also has lost some of its value. The metallurgy of gold has been revolutionised in the Transvaal; it there combines in such a superior manner the resources of mechanics and chemistry that it is profitable even when quartz is treated which contains but a few grammes of gold to the ton. *Le Génie Civil* (December 28, 1907), describes the great establishment for the working of auriferous quartz in New Kleinfontein which treats 280 tons of quartz per hour, of any grade, with a very reduced staff of "hands". Steam engines work three dynamos of 500 horse-power, two air-compressors for 75 perforating machines and the extracting machine. The quartz is brought upon an endless transporting band into the "mill-hoppers" of the crushing mill, where 200 stamps weighing each from 620 to 650 kilos crush it at the rate of 5 tons in 24 hours. The mud obtained goes through sieves which contain 400 meshes to the square centimetre; then it is conducted—still mechanically—on to the amalgamating tables. The residue of these tables—again crushed—and the auriferous mercury, are refined. The muddy water in which these mechanical and chemical operations have been conducted, are treated with lime and sodio-potassium cyanide, then filtered upon zinc filings which precipitate the gold. Water plays a preponderating rôle in the new cryosurgical (gold working) industry, which extracts even the largest particles of gold from the quartz that it treats with an extremely reduced staff of hands.

One must, in consequence, give a greater quantity of gold than formerly for the same quantity of other commodities. It is, therefore, not goods that have increased in value, but gold that has fallen in value, because its extraction exacts a less expenditure of human labour.

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