

EDITORIAL

THE “WAGES FUND” THREE-CARD MONTE.

By DANIEL DE LEON

THE statement made by Senator F.M. Simmons of North Carolina that “the expenses of the wool and sugar lobbies in Washington alone, to say nothing of the expense of literature circulation and advertising, amounts to thousands of dollars” is a prime little statement. Apart from the flash-light it throws upon the corrupt political methods of the “Law and Order” brigade, by the light of the statement an inside peep is had at a cunning three-card-monte sleight of hand that official bourgeois, especially University bourgeois, political economy delights in—the “Wages Fund” theory.

According to the theory, the total wages come and can come only from a certain fund in existence. Consequently, if the fund amounts to X dollars and the number of wage earners employed is equal to y, then the two figures—the one that x stands for and the one that y stands for—determine with mathematical precision and rigidity the average wage possible. It would be $x|y$. To put the problem in more definite form, If the fund, out of which alone the wages can come that the capitalist class pays the wage-earners, is, say, \$1,000 and the number of wage earners employed is, say 100, then the average wage is and could be \$10; if the fund amounts to \$1,000,000 and the wage earners employed are 200,000, then the wages can be only \$2. With one strong eye affecting the serene integrity of Science, and the other eye, a melting eye, affecting the piety of benevolence, the capitalist and his economists declare: “Gladly would we pay higher wages; our hearts beat to one tune, ‘Love for the worker’; but heartbeats count for nothing with Science; it is a mathematical impossibility to apportion a Wages Fund of \$3,000,000,000 among 5,000,000 wage-earners so that each should receive more than \$600; true, \$600 means starva-

tion; but let us bow piously to the will of God, and submissive to the decrees of Science. Amen.”

It requires not much of a quick eye to detect the three-card-monte trick in the theory.

The wealth produced by Labor and appropriated by the capitalist, that is, the surplus-value, or profits, are divided by the capitalist into two parts. One part he luxuriates in; he calls that his “revenue.” The other part he turns into “capital,” by the aid of which additional capital he figures upon larger profits. That increased “capital” the capitalist treats in the manner that he treated his previous, or original capital. A portion thereof he turns into “permanent capital,” that is, raw material and “plant;” the other portion he turns into, or reserves for “variable capital,” that is, pays wages with. It is this portion that becomes the “Wages Fund.”

Obviously, this fund is everything but a fund the size of which is imposed upon the capitalist by “Natural Law”; it is everything but an amount in the shaping of the magnitude of which the capitalist has no hand. Fact is, the capitalist’s hand is the only hand that shapes the magnitude of the fund. He is the gent who makes the division of the surplus values produced by labor. It is he who decides how much of the same he will consume, and how much he will turn into “permanent capital,” and how much he will have left over for wages, or the “Wages Fund.” The process of apportioning the three parts is one upon which capitalists’ book-keeping does not always shed accurate light, and what light it does shed is not infrequently eclipsed by the light of some timely, or providential conflagration. Items there are that are concealed, sometimes under the head of “revenue,” or private expenses, other times under the head of “permanent capital.” Among such items are the sums expended in corruption. The “lobby” is one of the means of corruption. How large this item is may be gathered from Senator Simmons’ statement—a statement that affords some idea of the side-drains upon the volume of surplus value, and the effect of the drains upon the size of the “Wage Fund.”

In treating and tritulating the “Wages Fund” theory, Marx credits the dogmatic formulation of the theory to “the arch-Philistine, Jeremy Bentham, that insipid, pedantic, leather-tongued oracle of the ordinary bourgeois intelligence of the 19th century.” If Marx lived today he would see that the “Wages Fund” three-card-monte

economic sleight-of-hand is still doing duty in this 20th century. He would see 20th century official professors of political economy affecting to discard the theory by discarding some of its most insignificant features, yet preaching—a sort of sleight-of-hand within a sleight{-of-}hand—in involved verbiage the substance of the “Wages Fund” theory, witness Professor Seager of Columbia University.”

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