Laurance Labadie
Letter to Mother Earth
1933

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Believing that the attempt to make labor-time a standard for a monetary unit a fallacy and bound to fail in practice, I submit a few questions and observations. Whose labor is to be used as a standard, the efficient or the inefficient man's? Take any product you may, say shoes. John produces five pairs a day, James produces ten. Is it possible that John in a free market will be able to obtain for his shoes a price twice as great as James? Absurd! In a competitive market, John would be forced out of business if he charged a price twice as great as James. If he charged the same price, which he must do to remain in business, what becomes of the labor-time unit? Disappeared!

What is a standard of value? It is one product in terms of which the exchange rate of other products are measured. It is true that labor, in the shape of the utility of the objective hindrance overcome, the value of which is determined in a competitive market, enters as an element determining the exchange value of product and in a freely competitive market tends to become the whole factor. But products must be useful in order to be exchangeable, and usefulness is determined by desire. The value of labor is determined by its result, not the result by amount of labor in time.

The truth is that the desire for a product can measure the utility and hence the value of the labor expended in making it, but the amount of labor cannot conversely measure the value of a product. For, what may be said of productive labor and wasted labor? How are they to be differentiated? Surely it must be seen that under a freely competitive system inefficiency and waste are automatically eliminated. This is to the benefit of society at large. This is why a freely competitive system is, truly and broadly speaking, the most automatically cooperative condition possible. And this is why, fortunately, that freedom solves the economic problem. Efficiency crowds out inefficiency, putting the right man in the right place and remunerating each according to the service he renders society.

The trouble with economic conditions is that they are not freely competitive and the State is the institution which maintains this system of robbery. What with all the privileges guaranteed to and handicaps placed upon the different producers it so happens that some are able to derive more than their just share of the wealth produced. The necessary conditions for a freely competitive society which anarchists desire, the equality of opportunity, is very far from being realized today. This is why they so valiantly struggle to instruct people in the economic benefits of liberty.

While we claim that liberty solves every solvable social problem either it be in education, sex, literature, art, crime, religious beliefs or whatnot, we emphacize most strongly on the economic field, for this, it is believed, is the key to all others. It is unfortunate that so many so-called radicals (men who go to the root of things) do not understand economic processes, especially as they would exist under freedom. In my estimation, what makes this so is, not only the intentional perversions made by the text book economists, but also the stupid blunders made by Karl Marx in his, I believe, honest attempt to fight for the cause of the working class.

As far as the money problem is concerned, all that anarchists desire is that anyone or any combination may go into the business

of furnishing money or insuring credit. To the superficial thinker, especially the authoritarian minded such as Socialists or Communists, this would seem the veritable return to chaos. But we will see how fraudulent or insecure money fares when free competition in banking exists, and what will become of the phenomenon of interest. What will most probably happen has been ably shown by Proudhon, Wm. B. Greene, and others.

But it is quite doubtful that an attempt to directly adopt a labor-time unit of value will meet with any success.

Laurance Labadie