

meet difficult conditions and tough competition. Skillful, hard work is required in making selections for investments—it is not easy, and no one can guess right every time. But there are well tested safeguards in the form of questions, which anyone with the time and tenacity can apply for himself. This is the approach of the professional analyst.

Does the company have products or services with a market potential for possible big increases in sales for some years—say seven or eight? Is the management determined to continue developing new products or

processes that will still further increase this sales potential as competition increases? Is the amount spent for research high enough in proportion to sales? Is the sales organization above the average? What is the company doing to improve margin? Is the cost analysis good and accounting first rate?

But integrity in management is the *sine qua non*. The importance of this cannot be stressed too strongly. Look for honesty and competence in labor and personnel relations before making yourself a share holder in any company in 1960.

# Value

## —A Short Statement

by ROBERT BENTON

**T**HE possession of some things will avoid labor for the possessor. Some things will avoid more labor than others. Things which will avoid labor will exchange in a certain ratio for other things which will avoid labor.

What is the ratio of their exchange?

First consider the ratio in which they will avoid labor, as a pencil will avoid, say one unit of labor and a pen two.

Then the ratio of exchange for the pencil and the pen will not be one pencil for two pens, but the precise inverse of that ratio—namely two pencils for one pen.

I regard this statement on the ratio of exchange to be the law of value:

*Two things will exchange for each other in a ratio which is the inverse of the ratio in which their possession will avoid labor.*

The purpose of this is to show what determines value, and how valuable things are exchanged for each other. It will also help to explain the instrument used for measuring value.

(The above statement grew out of a keen discussion about value held at the school's annual conference at Rutgers University last summer. Robert Benton, director of the Detroit extension, one of the participants, riding home on the train afterwards, said he "couldn't go to sleep for thinking." There is, of course, much more that could be said on this almost inexhaustible subject, but this aptly paraphrases Henry George's basic tenet.)

