

The White House of Prostitution

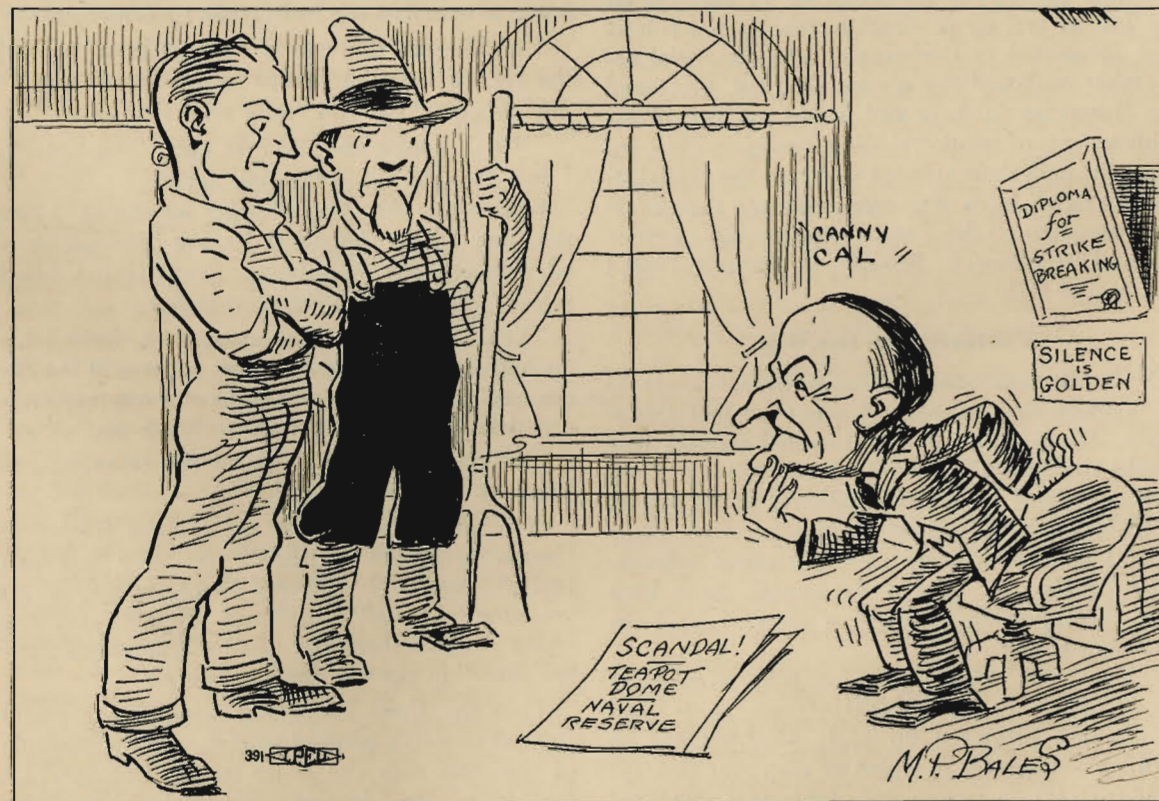
THE dictionary says petroleum is "a dark brown inflammable liquid which exists in the upper strata of the earth." Nothing connected with politics in that, is there? Yet just as Scott Nearing in "Oil and the Germs of War," and Francis Delaisi in "Oil—Its Influence on Politics," have shown all "democratic" governments to be playthings of oil corporations, so it has been proven in America since the tempest in the Teapot Dome has blown the upper strata of capitalist government into the Milky Way. The highest heads of both republican and democratic parties are revealed smeared with grease and graft.

H. F. Sinclair and E. L. Doheny are big oil men. Contrary to law, Harding transferred all naval oil reserves to the Interior Department shortly after his election. Things happened. Sinclair got Teapot Dome and Doheny got the California reserves on leases signed by Fall and Denby. Denby's assistant, Theodore Roosevelt gave silent approval. Archie Roosevelt, his brother, was "by chance" assistant to Sinclair.

Harding's whole cabinet had guilty knowledge of the deals. Hughes, too moral to recognize Russia, recognized Sinclair *de jure* and *de facto*. Daugherty gave "verbal and unofficial O. K." to the steals. Fall got \$100,000 from Doheny and

\$93,000 from Sinclair. What others got is still concealed, but Daugherty once said he wouldn't take a million for his job, many high officials who knew leases were going through cleaned up a pot of about \$30,000,000, while others shared in a slush fund of \$1,000,000 sent down to Washington from New York. "A close friend of Harding" drew \$200,000 of that fund without explaining where it went and for what.

Denby's head has been lopped off and Daugherty's may be next in the effort to save the republicans from disaster. Democrats were in high feather until Doheny peached on Gregory, attorney general under Wilson. Doheny added that McAdoo, Wilson's son-in-law, had McAdoodled him out of \$150,000 for services which McAdoo himself could not itemize, while Wilson's cabinet officers Lane and Garrison had likewise fattened purses, and George Creel, the sanctified hypocrite who published forged documents against Russia and who buncoed America into belief that it was a "war for democracy" had taken a cheap bribe of \$5,000. Like a vestal virgin caught in a bagnio, Mr. McAdoo protested his innocence to heaven and called for a medical examination. The doctors took his pulse, looked at his tongue, examined everything but his bank account and pronounced him pure and undefiled.



Farmer-Laborites to Coolidge:—"No wonder you made such a hit with your ability to keep your mouth shut—there are so many things to keep silent about."

Economics of Class Collaboration

By Earl R. Browder

"INTELLECTUAL poison for the workers" is the only judgment possible on the book, *The Control of Wages*, recently issued by the Workers' Education Bureau and written by Walton Hamilton and Stacy May. Cleverly written and avoiding much of the dry and humorless style usual in such books, the philosophy of class collaboration that it contains is all the more dangerous to the labor movement. It bears the same relation to trade union theory that the collaboration schemes of Wm. H. Johnston & Co. bear to trade union practice. It amounts in substance to an elaborate scheme of justification in the language of economic science for the prostitution of labor unionism to the function of efficiency auxiliaries to capitalism. The hope is held out, as bait upon the class collaboration hook, that by these means the labor unions may raise the prevailing standard of wages.

Production and Wages

The fundamental thesis of Hamilton and May is contained in the following words: "It will be well to remember that there are only two ways in which the material welfare of the laborer can be increased. One is at the expense of other groups in the community; the other is through an increase of the wealth out of which all income is paid. The first of these has very definite limits . . . If it is overdone . . . it defeats its own end. The second of these, an attempt to get more out of resources (through increased efficiency and technical improvements), has flexible limits." Throughout the book grave warnings of disaster and disappointment are given to those workers who would increase wages at the expense of property incomes, while the smooth broad road to comfort and affluence for all workers is described in proposals for increasing the product of industry. The class struggle is anathema; the key to wages is class collaboration. Such is the message of the Workers' Education Bureau and its text book on wages.

It is interesting to note the similarity between these theories and those which have brought disaster to the German labor movement. When, at the close of the war, German Labor had the opportunity to establish a real "control of wages" by means of militant class struggle and subordination of the capitalist class, it was lured away by the siren song of "First we must reestablish the forces of production." Under the leadership of the class collaborationists, the Social-Democratic Party and trade union officialdom, the German workers sub-

ordinated themselves to the task of repairing the capitalist system, increasing production, and improving the technique of industry. The present mass-starvation of the German working class is the direct outcome of this policy. Its effects in America can differ only in degree.

Some Disconcerting Facts

What is the answer of American experience to the question of whether increased production is a source of increased wages? Hamilton and May themselves give figures (Pp. 145-146) which belie the conclusions of their argument. Production increased in the United States from 1899 to 1920 by approximately 30% per capita; but during the same period real wages, instead of increasing by any part of the increased production, actually declined to an extent variously estimated at from 10% to 30%. It is hard to obtain any comfort for the class collaborationists from these stubborn facts.

What has American experience to say as to the effectiveness of improved industrial technique in raising wage rates? According to the theory of Hamilton and May, the most highly organized and mechanized industries should pay the highest wages. A casual comparison between wages in the steel industry, where organization and the machine process are developed to a high degree, with those in the building industry which, although rapidly undergoing the same transformation, is still, for various reasons, far behind steel, shows that the collaborationist theory is not supported by the existing facts. A Bulletin of the Bureau of Labor Statistics, December, 1923, shows the average wage of workers in the steel industry, for one particular week, to be approximately \$5.00 per day; while the *Monthly Labour Review*, of the same Bureau, for December, 1923, shows the wage rates in the building trades for all the large cities, which together comprise the bulk of the building workers, to range from \$8.00 to \$13.00 per day. It is a matter of common knowledge that they enjoy infinitely better working conditions, have more control of their jobs, etc. The building trades workers have shorter hours and receive higher wages than do the workers in the steel industry. Improved technique has not been a source of increased wages.

The above facts and arguments are convincing testimony that increased production and development of technique have no tendency to increase wages. It might be argued with more plausibility that the opposite of the collaborationist theory is

true. Either statement of the case, however, ignores the fundamental factors that determine wages, both as discovered by theoretical analysis and direct observation. It is as incorrect for the workers to expect increased wages by increased output as it would be for them to go upon the opposite theory and attempt to limit production and prevent technical progress for the purpose of increasing wages.

Effects of Collaboration

Upon the labor movement the effect of the collaborationist theory is to undermine and destroy what measure of control the workers have over wages. A classical example of this is seen in the scheme of Wm. H. Johnston, President of the Machinists' Union, now being peddled to the railroad corporations of the country, by which the labor organizations are to abandon all struggle with the companies, become efficiency bureaus and make the employers love them. Two positive results are achieved by such surrender to class collaboration; (1) The employers are thus won to affectionate regard for the unions, because it saves them the trouble of creating company unions for the same purpose; (2) the reactionary officials of the unions avoid unpleasant struggles, preserve their easy jobs, and comfortable salaries, and become "respectable citizens."

But if these class collaboration theories, together with the vicious practices that naturally flow from them, serve the interests of the employing class and the union bureaucracy, their effect upon the working class is disastrous. Its fighting spirit, as well as its ability to put up an effective fight, are gradually and subtly undermined. The unions are transformed, step by step, into "production departments," and the authority of capitalist administration begins to reach over from the workshop into the union hall. Labor, as an independent power, fighting the encroachments of predatory capitalism and jealously protecting the interests of the workers, is eliminated from industry. Class collaboration is fatal to militant labor organization.

Not only does this pernicious doctrine sap the strength of the trade unions, but at the same time it increases the fighting power of the employers. How ridiculous it is to tell the workers that their wages are to be increased through improvements in the technique of production, when all about them they see that it is precisely the most highly mechanized industries that have eliminated all effective labor unionism and used the higher technique to intensify exploitation of the workers. The steel trust is a classical example, not to speak of the textile trust, the automobile combines, the rubber industry and others. Every advance in

the technique of industry is accompanied by concentration of capital, which is immediately translated into more militant and effective warfare upon the workers' organizations.

The Labor Market

A pitiful attempt to make class-collaboration policies appear to be sound in economic theory was made by Wm. H. Johnston, in his speech before a gathering of railroad executives in St. Louis last fall. His statement that "the idea underlying our service may be compared to the idea which underlies the engineering service extended to the railroads by large supply corporations which have contracts with these railroads to furnish, let us say, arch-brick, superheaters, stokers, or lubricating oil," is a clumsy attempt to hook his vicious scheme up with current notions of economics. It attempts to make class collaboration appear as good "selling tactics" on the labor market. But the argument fails as miserably as do the others.

"Wages are determined by the same law which regulates the price of any other commodity," said Marx (*Wage-Labor and Capital*, Kerr edition, p. 19). The principle is elaborately worked out in *Capital*, being a fundamental of the Marxian theory of value. "The price of a commodity is determined by its cost of production . . . which is the same thing as its determination by the duration of the labor required for its manufacture." In the case of the commodity "labor-power," the price (wage) is determined by the amount of labor required to produce (and reproduce) it. This is subject to variation from the barest subsistence, or less, to the comparative comfort of small sections of workers, according to the technical requirements of the labor-process, the immediate supply and demand, the general level of technology, etc., but above all according to the *organized social and industrial power of the workers* to withhold their labor-power from the market until they receive a certain standard of living.*

The only effective point of attack for the workers, in their efforts to control wages, is thus clearly seen to be their organized power, used in struggle with the employers. To attempt to find, in the examination of labor-power as a commodity, any justification for the Johnston scheme of increasing the productivity of labor-power, as a policy for the raising of wages, is absurd. To propose to increase the price of labor-power, by increasing its productivity, which in turn increases the available supply in relation to the demand of industry, while the control of the supply by its sellers is

* Workers desiring to go more fully into the Marxian theory of wages should read *Capital*, Vol. I, chap. XIX, XX, XXI, XXII, as well as chap. I, II, III, VI; and follow Index references to Wages through Vols. II and III.

weakened—such a proposition is a caricature of economic theory that scarcely requires refutation.

When the collaborationists point out that wage rates are generally higher in those countries with a highly-developed machine industry, than in countries where primitive methods prevail, they think they have scored a smashing argument that "labor can afford to lead in the popular drive for more production." No such conclusion is warranted by an examination of the matter. Higher wages in countries of machine production, as compared with countries of handicraft industry, have the same meaning, so far as wages and their control go, as the figures for equipment repairs and maintenance. Both items are higher in the one country than in the other, and for the same reason. Maintenance costs are higher for a steam-engine than for a hand-loom, and the labor-maintenance cost is higher for a steam engine operator than for a hand-loom operator. Neither has any necessary relation to the *volume* of production. Both are incidental to the technical requirements of the particular industry, and both decrease pro-

rata with the increase of production upon a given level of technical culture in the absence of compensating factors.

Class Struggle the Only Way

Control of wages is, indeed, a vital problem to the working class. But unfortunately there is no broad, well-lighted boulevard that leads the workers to that much-desired goal. It can be reached only by organization and struggle. All the attempts of the apostles of class-peace, class collaboration, and social reformism, to lead the workers away from the inevitable fight are, in result if not in intention, gross betrayals of the interests of the working class. Control of wages is to be obtained only through control of the whole process of production, which in turn calls for the control of government. Every specific wage is to be increased only by organization and struggle in the shops; the general wage is to be controlled only through the widest political organization and struggle of the whole working class. Class struggle, and not class collaboration, leads to the emancipation of the toiling masses.

The Trend Toward Unemployment

By Leland Olds

THE United States is winding up a period of temporary prosperity made possible by heavy capital expenditures and the paralysis of bankrupt Europe. Production in this country, on the downgrade since May, 1923, has fallen to a point lower than that reached on the up-grade a year ago. Industry has laid off over half a million men. A mild spring revival is likely, but this will not attain anything like the proportions of last year's activity and will be followed by another recession which will carry industrial activity still lower.

The domestic market for industrial products reached its peak last year. Wholesale trade has been declining and is considerably below the trend of past years. Department store sales show a similar failure to measure up to the trend of past years and their stocks on hand are above those of a year ago. The building industry and the railroads, representing the heaviest demand on the basic industries, will call for less industrial activity than they did in 1923.

The extent to which this will develop immediate pressure on American labor with all the familiar symptoms of widespread unemployment and wage reductions will depend in large measure upon four factors: (1) The extent to which the higher cost of production in America is balanced by the lower cost of credit, that is, the extent to which nations

like Japan can get loans on more favorable terms in the United States, such loans to be used to purchase the products of American industries. (2) The extent to which American capitalists can stimulate the need for such loans by inciting lesser nations to build armaments against each other. (3) The extent to which American capital can sell below cost in order to bankrupt competitors in foreign markets and by absorbing them establish a world monopoly. (4) The temporary stimulus of another grand war.

1923 Prosperity Slowly Fades

First evidence that these difficult times could not be much longer postponed appeared when the upward swing of business came to an unexpected halt in May, 1923, and industrial activity began to decline. Making every possible allowance for normal seasonal variations, production in the basic industries had fallen off 12½% by December or to a point 4% lower than in December 1922. The number of employes on the payrolls of manufacturing establishments had been reduced 5% by the first month of 1924.

The following table shows the course of production and employment in the United States during the past 14 months. The index number representing production is adjusted for seasonal variations.