

# PROLETARIAN NEWS



WORKERS OF THE WORLD UNITE!  
YOU HAVE NOTHING TO LOSE BUT  
YOUR CHAINS! YOU HAVE A WORLD  
TO GAIN! — Karl Marx

A JOURNAL FOR THE WORKING CLASS

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## Confusion on Totalitarianism

By Christ Jelset

Anxiety about the possibilities of lasting peace seems to be growing, rather than diminishing, as the months go by. Particularly does doubt grow regarding permanent friendship among the Big Three, Great Britain, the Soviet Union and the United States.

If these three nations can only hold together, it is said, then their combined strength will be such that the rising of a new hostile power, great enough to be a challenge, can readily be prevented.

How solid, how lasting will the friendship between these three powers be? How solid is such friendship now? These are questions upon which there is much speculation. Much radio time, enormous amounts of newspaper and magazine space are used dealing with these questions. A great deal of disagreement prevails among the speakers and writers. Government officials, instructed to carry out the foreign policies of the different governments, are said to blunder in execution, disagree on interpretation of instructions, and at times do not act in unison.

Throughout the mass of confusing information certain things seem to flow through the whole. Great Britain and America stand much closer to each other than either stand in relation to the Soviet Union. The two former have so much in common. They speak the same language. They spring largely from common ancestors. But above all, they are free nations. They have governments based on popular elections and the multi-party process in politics. They have freedom of thought and religion. Any person within their borders may go into politics, business, or out on the streets to look for work, all in accordance with his own inclinations.

True, there might be a few little problems which will tend to cause friction. Great Britain had, for a long time, been the world's leading economic and military power. Now that "honor" has definitely passed to the United States. Some Britishers might feel hurt. Both nations will need a great expansion of their world trade if they are to prosper and advance, so

there might be a measure of trade rivalry, leading to harsh words and accusations.

These are minor influences which if watched and held in check should count as nothing against the larger influences for friendship and good-will. After all, competition in business is what promotes business, just like competition in sports promotes physical well-being. If Great Britain, through constitutionally elected government, decides to have more governmental participation in business than we, that should make no difference. As long as there is no talk of confiscation of private property, of curtailment of the press or of political parties, there

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## Economic Law and The Wage System

As a result of the present and pending strike wave there is developing a regular flood of economic contradictions. Therefore, we think it is timely to set forth a few simple facts pertaining to the science of economics or political economy, as it is commonly called.

First, what is the substance of the science, what does it purport to explain? It is the *Science of Wealth Production*. Now, where is wealth produced today? About twenty per cent of the annual produced wealth is agricultural. In other words, about one-fifth of "America's" wealth is produced upon farms. The other eighty per cent is produced in industry.

In the producing of that wealth two factors come into play, nature and human labor. Nature has no value, although it has been mon-

opolized. It is privately owned. But if no labor were applied, the land and the minerals under it would be worthless. It requires labor to plow the land and grow the crops, to produce mineral, etc., and transform them into various types of *use values*, such as bread, beef, hats, shoes, clothing, furniture, buildings, etc. Thus the elements of nature take on *VALUE*, in proportion to the amount of socially necessary labor required for their production.

The men and women who now do this transforming of the materials of nature into useful things receive payment for their services from those who own nature, plus the machinery of production and transportation. Those working people go out onto the land or into the forest, run railroad trains, operate machines in factories and, in fact, engage in every phase of productivity. But they do not work for their health. It is not because they like work, nor because they love their employers. And, the employers don't hire them because they like them. They are not in business for altruistic reasons, but to make profit, to enrich themselves.

Thus, we see that practically the whole population is divided into the class which owns nature and

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## HOME SCENE

### Industrial Peace or Conflict?

Labor-Management Conference: The basic purpose in the calling of the conference was to establish class peace. This was done against a background of mounting strikes. President Truman in his message to Congress, immediately following the surrender of Japan, outlined a capital-labor policy as follows: "This is not the time for short-sighted management to seize upon the chance to reduce wages and try to injure labor unions. Equally, it is not the time for labor leaders to shirk their responsibilities and permit wide-spread industrial strife." To put this policy into effect, Truman said: "I shall shortly convene a conference of representatives of organized labor and industry for the purpose of working out by agreement means to minimize labor disputes." Such a conference was called for November 5, 1945. It is well to note, by way of historical precedent, that 26 years ago, in 1919, a similar conference was held and broke up without any tangible results.

Attending the recent conference were the leading representatives of labor, industry and government. Both management and labor had 18 voting delegates, alternates, advisors and technicians in their re-

spective fields. Amongst labor's delegates were William Green, president of the A.F.L.; Phillip Murray, president of the C.I.O.; John L. Lewis, president of the U.M.W. and other high ranking representatives of labor unions. Participating for industry were Ira Mosher of the N.A.M.; Eric Johnston of the National Chamber of Commerce and others. Representing the government, in behalf of the "public," were Secretary of Commerce Wallace; Secretary of Labor Schwellenback, Chief Justice Walter P. Stacy of the North Carolina Supreme Court, who was chairman of the conference, and Dr. George W. Taylor, former chairman of the W. L. B., who served as secretary of the conference. The four "public" delegates participated actively without voting rights.

The conference opened with addresses by Truman, Wallace and Schwellenback, pleading for peace between the lion (capital) and the lamb (labor). They wished the conference success OR ELSE the government would take a hand.

After several weeks of conferring, in search for a common denominator that would be satisfactory to both capital and labor, this

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## Economic Law and Wage System

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the means of production, and a class that sells its services to the owning class. They stand in relation to each other as buyers and sellers in the *labor market*. The capitalists are buyers of *labor power*, the physical and mental services of the workers. The sellers of labor power, the workers of mill, mine, factory and office, are paid for their labor power. The payment takes the form of *wages*. When the terms are agreed upon, the seller, the worker, makes over to the buyer, the capitalist, the use of his labor power. The purchaser of labor power, its new owner, has the right to make use of it as he sees fit, provided he does not violate the terms of sale.

The purchaser of labor power not only has the right to make use of it for his purpose, but also has the right of ownership of the *entire* product, not part of it but all of it. The capitalist alone can determine what shall become of the products, for they as well as the materials used, and the means of production, are his private property. As a capitalist he lays out one portion of his capital in the form of machinery of production, buildings, raw materials, etc. (constant capital), and the other portion he lays out in the purchase of labor power (variable capital). While the value of wages can be related to the value of the product, still they are not a share of the product, they are not paid from what the worker immediately produces, which may not even be sold for months or years.

The payment of wages is from part of the capital. Where the capitalist got it is beside the point, usually from profits made from the services of former workers. Every penny of value in industry belongs to the capitalists. It is their investment. The workers are not investors, just sellers, and after they have sold their labor power they possess nothing as far as industry is concerned.

The "free enterprise" system gives the capitalists the right to do what they please with their own property. It also gives the workers the right to do what they wish with the only thing they possess, namely their *labor power*. They don't have to take it to the market. They can withhold it. This is a "free country," the workers are free to spend six months of each year (the cold period) down in the south, Florida, perhaps, and the rest of the year in the mountains or at the sea shore. There is no law against that.

However, under the "free enterprise" system it takes quite a lot of money to live in that way, and the bulk of the people have not the cash. Therefore, the great majority are obliged, because of economic pressure, to go sell their services to the buyers of labor power. Of course, they are not compelled to, they can starve if they wish. As we said, "it is a free country."

Wages are the *price* of labor power. The *value* of labor power is determined, not by what the worker produces, but by what he consumes. The value of ships do not determine the value of shipworkers wages, nor the value of buildings determine the value of building workers wages. It is the value of the necessities of life, food, shelter, clothing and small luxuries which the worker and his family must have which determine the value of *labor power*. Therefore wages are related to the cost of production of the things which the worker consume, and to nothing else.

Steam yachts, limousines, champagne, fifty or a hundred room mansion houses, country estates, banks, etc., do not enter into the production, or reproduction of labor power. The amount of socially necessary labor required to produce the food, shelter, clothing, etc., which the worker and his family consume, alone determines the value of labor power, wages.

What the worker sells is disposed of in one market only, the labor market. What he produces while his labor power is being applied, and which does not belong to him, is sold in a different market, the commodity market in general. In this latter market the worker has nothing to sell and he has nothing to do with the prices of what is sold there. The worker is a buyer in the general commodity market, but just of the cheaper things, and whether prices are "high" or "low," he has no command over them. The prices may affect him as a buyer. He may decline to buy certain things and make purchase of something else, but he has no power to determine prices.

The only commodity he has a voice in determining the price of, and that within certain limits, is his labor power. Just at present some strikes are in full force, and more are in the making. Arguments, pro and con, are being made from what appears to be three sources. First, labor (employees), the sellers of labor power. Second, capital (employers), the buyers of labor power. Third, a pretended impartial source, called government, an agency of the employing class *only*. Thus, in reality, there are but two sides, the buyers and seller of labor power, the workers and the capitalists.

Let us look at some of the arguments now being made. Workers say: "We submitted to our hourly rate being "frozen," while the cost of living advanced greatly, and thus our *real wages* (the food, etc., which our hourly rate would buy) were actually reduced. Now, with the transition to peace production, with its shorter hours, we find our standard of living has been lowered. As a reward for our loyalty to "free enterprise," and its vast profit making, we are faced with what amounts to depression wages.

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## Confusion on Totalitarianism

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is no danger of losing our sturdy friend.

These, in the main, are the arguments presented regarding relations between Great Britain and America. Only a small minority will harp on differences, on old war-debts unpaid, on new ones cancelled, on British imperial policy, on conduct in Greece, Java, etc. Well, we all have our faults, is the answer. Our good friend might take the remonstrations to heart and attempt to do better in the future.

It is different with the Soviet Union. That nation is, next to America, the strongest in the world. Soviet friendship is necessary to world peace, but just what must we do to retain that friendship? The differences are so great. America wants nothing to do with the economic system of the Soviet Union. The Russians have a totalitarian form of government. They speak of the desire for democratic rule elsewhere but they want none of it for themselves. They have proclaimed agreement with the Atlantic charter, but they have not lived up to their promises. Didn't they absorb the Baltic States without consulting anyone? Didn't they take almost half of Poland? What are they doing to the rest of Poland but forcing upon that war devastated nation a government made in Moscow? They are fostering puppet governments in the Balkan States.

With various degrees of hostility in attitude, these are but the general run of accusations and comments expressed regarding the Soviet Union. From this it is but logical to conclude with the question: "What next?"

Of course, there are some who will admit a bit of the truth back of Soviet "annexation" policy. They will admit that eastern Poland was Russian territory, taken from that country after World War I, when the Soviet Union was just established and too weak to do anything about it. Some are, even now, willing to admit that the Soviet Union is pulling out of the Eastern theater faster than America. But even the most "fair-minded" will insist that the Soviet Union is a dictatorship, with a totalitarian form of government. They all say that Marshall Stalin runs that vast nation very much as he pleases.

Now, Stalin happens to be a fairly agreeable person, one who can be met and talked to, and who will yield on points where differences need to be ironed out. What if Stalin should fall out? His two months' vacation caused a nervous tension with many public spokesmen. Is this as close as one can get to a true understanding of the Soviet Union and its relations to the rest of the world? We do not think so.

The Soviet Union might have had a few secrets in its military program, just as every other nation did. When it comes to the

form of government, its functions and policies, as well as its perpetuation through the election system, all this is not a secret here because the Soviet government wants it to be a secret, but because the ruling class of America, and every other capitalist nation, want it to be secret.

Governments in all nations rest upon an economic foundation. Where capitalism prevails as a system of production, like in America, there all means of production, transportation, services and communication are the property of private individuals. It makes little difference how highly developed such property is. It might be individually owned shops and farms. It might be huge corporations with ownership distributed in the form of stocks and bonds. It might even be held by the government, and government bonds being its private expression. In any and all of such cases, the nation's population depends upon the operation of these means of production, and the government's first duty is to preserve the integrity of such property. Production will not proceed without the private owners being able to realize a profit. Thus profit making becomes a government supported function. Profits of one year become available for investment the next. If investments slacken, production slackens and the people suffer. Thus, the government must protect and facilitate investments. If the national sphere becomes too crowded, investments seek foreign soil. The protecting hand of government must follow or the investors would feel that they were not getting the services their taxpayments warranted.

Elections might be very democratic. Political parties might promise a square deal, or a new deal. They might promise free trade, or tariffs. They might promise labor protection or union regulation. When elected, the government officials must give first protection to the private property which functions in production. If a business fails it must be liquidated in a legal form and creditors must get their share. If a man, or fifty million men have no property, they still have the right to vote, go to church, or walk the streets, but they have no right to make a living except as provided within the private property setup.

In Russia a similar private property relation existed prior to 1917. The masses of people who had no property had no right to complain, but they did have the right to starve if the property owners could see no way of making a profit out of their labors. Once starvation became general enough, the masses, under leadership of the Bolshevik Party, rose in their might and did away with private property. They took over the productive machinery and set to work producing necessities for themselves. They established the

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Soviet form of government. And how does it function? Soviet is the Russian word for council. Workers in the different shops and factories have their shop committees where they arrange for their joint needs within the shop. From the different shops they elect delegates to the local Soviet, or council. Nobody but workers in the particular shop are eligible either to vote or to be a candidate.

Thus the local Soviet can consist only of workers from the local shops. It has the power to deal with local affairs. It must do so on a broader scale than, for example, aldermen in a city council here. This becomes clear if one keeps in mind that the Soviet must coordinate production and distribution of goods as well as provide crime detection, traffic regulation and such functions as a city council here has under supervision.

During the first years after the 1917 Revolution, delegates to the higher governing bodies, the District Soviets and the All Russian Soviet, could only be elected from the next lower Soviet to the next higher. This gave assurance that nobody could get into any government position unless he was first elected out of a shop into a local Soviet, and thus, that he actually was a worker. On the same basis there were provisions made for the peasants and the soldiers to have Soviets and have their representative in all governing bodies.

Such an organization might put a Joseph Stalin, or some other individual, in a very high advisory capacity, but unless he could convince the Soviet delegates that his advice was sound they would not follow it. Is there anything dictatorial in this arrangement? There is. The former landlords and capitalists who lost their property felt hurt. They wanted to come back, to regain their lost wealth. Not wanting to work, they had no vote and could not run for office. They were not allowed to organize political parties in opposition to the Soviet system. They could not run newspapers or even spread their dissatisfaction from the churches or the theaters. They were left out in the cold.

Now the old property owners of Russia are mostly dead, or they are old people with little power left. Restrictions against them are no longer so necessary. Already in the Soviet Constitution of 1936, many of the old restrictions against former property owners were discarded. Yet private property, the right to hire labor for the purpose of making a profit, is just as much a crime in the Soviet Union today as it was in its early years of existence.

Thus, we find that although the masses in the Soviet Union have both the right and the facilities to participate in the affairs of government, and in fact do conduct those affairs, property owners all over the rest of the world, feeling

that under a Soviet system they would be excluded, both from income and from rights as citizens, will represent that system as dictatorial and totalitarian. They have as good a reason for their stand as we, the workers for not believing them.

Coming now to the role played by the Soviet Union on the international field, we will find a difference between what is done and what the capitalist press proclaims. The Soviet Government, having no interest in the protection of private trade or investments, has no interest in colonial expansion. It has, however, two vitally important interests to protect. First, the Soviet Union has just succeeded, after the greatest of sacrifices, in repelling an invader. It became very important that friendly governments should now be established in all neighboring countries. Second, all capitalist nations have within their borders a rather large section of propertyless workers. These are in various stages of opposition to the property owning employers. The war has worsened the lot of the former, and the hostility is growing.

There is no permanent solution to this problem, outside of the workers taking power. When the workers do take power they will evolve a form of government similar to the Russian. They will liquidate all interests which are hostile to the Soviet Union, by liquidating the exploitation of labor. The Soviet Union will gain a permanent friend with each nation which adopts working class rule.

Take the territory now under Soviet occupation. As the Soviet officials look for elements with a friendly attitude, they naturally find them among people who are anxious to do away with, at least, the worst forms of exploitation. They would not find friends among those who want to perpetuate and extend exploitation.

The whole of Eastern Europe might now be in process of getting ready to dispose of the property owning exploiters, by dispossessing them. If they do, it will be done by the masses of those nations, and not by the Soviet armies of occupation. But the public informers in all other nations will blame it on the Soviets and their "totalitarian" government.

Workers rule might, in the near future, be adopted in France and other western European nations. It will come to Germany before suffering can be eliminated there. British and American forces of occupation will strive to prevent it. They will do so in the name of democracy, but actually for a more material reason. They want to perpetuate exploitation. It is time that workers everywhere begin to look at the economic reasons beneath every political move. It is necessary to question every idea advanced by the property owning class.

## HOME SCENE

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conference, as its predecessor, was officially admitted as a failure. They wound up where they started, with each side stressing demands favorable to their economic class interests.

In the words of management's spokesman, Ira Mosher, "The delegates had reached agreement on a number of *procedural* matters which might be helpful in minimizing the causes of strikes, but that little progress had been made in regard to certain *fundamentals* . . ." (our emphasis). New York Times, Nov. 25, 1945.

The failure of this conference again demonstrates the fundamental cleavage in economic interests between capital and labor. The causes of strikes are too deeply rooted in the economics of capitalism to be bridged by round table pow wows.

**PUBLIC:** Prominently injected in industrial disputes is the ever present "public." Who is this public over whom so many tears are shed? Is it an abstract, impersonal and impartial being, without any economic, social ties or class preferences? Just who is this poor fish anyway?

In the tug of war between capital and labor, it is contended, there is an innocent bystander who is injured, a third party, the dear old public. Striking workers are warned that the public needs merchandise and loses worktime as a result of industrial conflict. Demobilized men and women, also suffer. They, too, are looking for work. And what's more, involuntary idleness of servicemen at a time of voluntary idleness of large numbers of men out on strike can lead to political repercussion, can have an effect on the itching hands of Congress to pass anti-labor laws.

There is an obvious attempt to threaten labor and divide its ranks between those in uniforms and those in overalls. It is also obvious that this so-called public belongs either on labor's side of the tracks or on the side of capital. If a man or woman depends upon a job for a living, then that individual is a worker, even if they don't think so, and belongs with and should support their own class. On the other hand, if one gets his income in the form of profits, dividends, etc., through the laboring efforts of workers, then that individual is a capitalist. All this mumble jumble about the public is aimed to promote division amongst labor. These "public" pleaders have confused most American workers, causing them to side with the interest of their real enemy, capital. Capital is truly the gainer, and in practice public interest is synonymous with capital's interest. For often when they refer to the workers, they have another name for them—the *mob*. Especially is that true in time of militant labor strife. Only when labor meekly subordinates

its welfare to that of its master does it earn terms of respect and praise. Labor must beware of "public" appeals, which through this scheme brings in a non-existent third party, when in reality there are only two.

**TRUMAN'S FACT - FINDING PLAN:** The President followed up the labor-management fiasco with his own fact-finding plan. It has the same objective, curing or curbing strikes. Fact-finding boards are to be officially appointed, before which disputes unsolved through conciliation and arbitration, are to be presented for study. The period would normally amount to 30 days, acting, so to speak, as a cooling-off period. It is sought to give this board power to subpoena company and union records.

This seems like a sensible approach to mutual understanding. Common sense would dictate that facts should be known before any judgment is passed. And yet a number of contradictions can already be seen. Whose statistics will serve as a basis, labor's or capital's? Will a "fair wage" or "fair profit" be judged from labor's or capital's standard? Where are those impartial or public judges to be found who are tainted with neither labor nor capital leanings, especially since these boards will be appointed by a government of big business?

An instance of dual statistics was brought out during the war, when labor statistics revealed figures indicating that the cost of living had risen much higher than claimed by government statistics. In dealing with wage and price factors, we are concerned, not with inanimate things but with animate conscious ones. Human, class relations are involved. What is good for labor, for instance, high wages and low prices is distasteful to capital, and vice-versa. The same facts have an opposite effect on these two economic classes. They are relative and assume a class character. Why? Because of economic inequality, because capital lives and thrives by the sweat of labor.

Already, management, though favoring the plan as a whole, since any action tending to delay, has a weakening effect on direct labor action, is balking at having to open its profit records. This is something it prefers to keep concealed.

The labor unions on their part are cool, and correctly so, to the plan. They feel that ample facts have already been presented to justify a 30 per cent increase. Equally alarmed are they lest this plan be used as an opening wedge for governmental interference and strike-breaking. That it would be, in substance, an attempt at legal suppression of independent economic action. The union should reject this political handcuffing.

Pretending that it is merely in the interests of class peace, this

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# PROLETARIAN NEWS

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## What a Year!

Each recent year, as it drew to a close, looked more dynamic than its immediate predecessor, and in that relation 1945 seems to be no exception. Of course, each of these years had its own peculiarities, its own historic characteristics.

1945 will go down in history as a sort of inbetween year. We mean that its first part belongs with the war years, and its latter months with the post-war period. It certainly has been a most eventful one. While it was obvious that the Axis powers would be defeated, especially after Italy was out of the war, and France had been "liberated," still the Nazis were fighting vigorously. Just a year ago they had smashed through in a powerful counter-offensive in Belgium. United Nations lost heavily in the Battle of the Bulge. It looked like the war would last a long time.

Someone has referred to 1945 as "the year of decision." Certainly it brought the decided defeat of Germany and Japan, but it brought out into the open many problems which are still far from decision. The unconditional surrender of Germany and Japan has, in themselves, made this a most notable year.

Early in February the representatives of the United Nations met at Yalta in the Crimea. The "big three" then were President Roosevelt, Winston Churchill and Joseph Stalin. Roosevelt died suddenly on April 12, less than a month before V-E Day. Churchill and his party, the Conservatives, were swept out of office by a Labor Party victory in July. It was a regular land-slide, a surprise to all concerned, especially the Labor Party leaders themselves.

May 8 saw the official end of the war in Europe, with military leaders of Germany signing unconditional surrender. The Germans fought to the last ditch. The Red Army had to carry the struggle right into the heart of Berlin. It was otherwise with Japan. When the Japanese surrendered they still had millions under arms, and a vast territorial empire still in their hands. Yet, it was the only intelligent course left open to them. V-J Day came on September 2, and the occupation of Japan by American forces followed.

In looking back there are some matters we can speculate about. Some things which were not so obvious in advance. Why did the German people fight so tenaciously? Why was there no rebellion on the part of the masses of the people? Seemingly, there were a number of factors. First, the Germans were undoubtedly as badly enslaved by German capitalist ideology, as Yankee workers are enslaved by American capitalist propaganda. Then, of course, the highly organized Gestapo, with its vast numbers on the alert against such a possibility, and the fact that labor union and working class political parties had been broken up long before, offers further reasons for the absence of any resistance against Hitlerism from within.

From early in May until early in August, the most reactionary section of the capitalist press here yelled against the Soviet Union for its "selfishness" in not getting into the war against Japan. American boys were dying in the Pacific, they said, fighting the ruthless and fanatical Japanese who were just as much

an enemy of the Soviet Union as of America. When the Soviet Union entered the war against Japan, those periodicals yelled even louder, to the effect that the U.S.S.R. had only done so when it was clear that Japan was through and that it simply wanted to be in on the spoils.

Winston Churchill, speaking in the British House of Commons said that the U.S.S.R. had honored its agreement to enter the war within three months after the defeat of Germany, that it had done so to the very day. The Soviet Union got a break. It was only 25 days in the war against Japan when it came to an end. The Red Armies certainly had to bear the brunt of the fighting in Europe. Without Russia's tremendous struggle, and its vast losses, the German armies would not have yet been defeated on European soil. If ultimately British and American forces alone would have defeated Germany, it would have cost millions more of British and American casualties. And certain American "patriots" are weeping about Lend-Lease and the vast national debt.

We don't know when it was decided that the Soviet Union would also fight Japan, after Germany was defeated, but we can quite understand why the U.S.S.R. would not do so sooner. It had its hands full in Europe. Had it divided its forces, it is possible that the Germans would still be fighting in Europe. Had the Soviet Union not entered in the fight against Japan at all, she still would have carried her full share, and more, of the great conflict.

The most sensational event of the year was the dropping of the Atomic bombs on the Japanese cities of Hiroshima and Nagasaki. The consternation which followed not only staggered the Japs, it staggered the world, and we have not heard the last of it.

Between the tremendous onslaught of the Soviet armies in Manchuria and the devastation of the Atomic bombs, the Japanese ruling class decided that it was time to "call quits."

Following the outcome in Europe there was a meeting of the "big three" at Potsdam, just outside of Berlin; President Harry Truman, Generalissimo Stalin and Premier Churchill were there to confer on the partition of Germany into zones of occupation and administration and many other problems upon which they could agree and "agree to disagree." Quite sometime before then, Mr. Churchill had let slip that the period of fine talk and vague general promises was over. The Atlantic Charter was already ancient history, and as Mr. Roosevelt once implied it was simply a temporary piece of "psychological warfare," it wasn't law.

At Potsdam reality had to be faced. British and American imperialism had to start stalking out their claims, and the Soviet Union its counter-claims. It could not be all one-sided. The imperialists could not take all. The Soviet Union was too powerful for that sort of thing. It could not be treated as France was. They had to give as well as take. The Potsdam agreement has been a big disappointment to a lot of people, liberals for instance, who supported the imperialist war and expected some thing other than an imperialist peace. Some of them even seem to think the Soviet Union should have played an altruistic role, especially toward those nations which cooperated with the Nazis in their attempt to destroy the Soviet Union.

During the deliberations of that now famous conference it was necessary for Prime Minister Churchill to return to Britain for the general election, the result of which relegated him and his greatly reduced Tory party to the official position of "His Majesty's loyal opposition," and raised Mr. Clement Attlee to the position of "His Majesty's first minister." In other words, Attlee became the Prime Minister in place of Churchill, and returned to Potsdam, as such, to continue the negotiations. Along with him went Mr. Ernest Bevin as Britain's

Foreign Minister, the post formerly held by Anthony Eden.

Thus, the "big three" have undergone some changes in personnel, if nothing else, during this momentous year. Of the original three, Churchill, Roosevelt and Stalin, only the latter is left, and he seems somewhat inclined to let others, such as Foreign Commissar Molotov, play a stronger part.

It is not easy to say what is the most important development of the war itself. In the field of scientific advancement, the "Bomb" is the outstanding item, there is no doubt, and even the most far-seeing cannot yet visualize the tremendous import of the many scientific developments which the great war brought into use.

The political changes wrought by the war are just beginning to unfold. Outstanding there, in the field of world affairs, which is perhaps the greatest of all developments, is the emergence of the Soviet Union as a great world power, much to the chagrin of reactionaries of all shades. From now on, nothing of world import can be enacted by the capitalist powers without taking the U.S.S.R. into consideration. It took the U.S.A. sixteen years to officially recognize the Soviet Union. The war has changed all that.

What is the alternative for capitalism, and its more rabid anti-Communist and labor hating elements, war with the Soviet Union? It is an alternative. It is being talked about, of course. But, its longdistance results are too frightening for the more sober-minded elements in the bourgeois world to contemplate.

Meanwhile, the nations of Europe are confronted with desperate internal problems. Changes are developing which might have taken years to mature but for the war. France, politically, has moved further to the left than Britain. There, the Communist party is now in the lead, with the Socialists in second place. Together they hold a majority against other parties combined. The economic conditions will force the administration to adopt methods and measures of a sweeping character. The banks are being taken over by the government now, and there is agitation for increasing the tempo of nationalization so as to bring all industry under government control as speedily as possible. The food and housing problems are so intense that the provisional government, whose main function is supposed to be the drafting of a new Constitution, may find rebellion upon its hands if it does not take drastic steps to relieve the pressure.

Most of the countries of eastern Europe where the Soviet armies are in occupation have moved substantially toward the left. Millions of acres of land have been divided, and big estates broken up completely. Hundreds of thousands of poor people have land for the first time, and they had no means of buying it. The workers in the cities and towns, wherever it is practical, are taking over and running industry. The capitalists who remain have not the organized forces to prevent the inroads of the workers. It is difficult to conceive of any further trend to the left, except the taking over of complete political power into the hands of the workers and socializing the means of production as a whole.

As the year draws to a close, strenuous efforts are being made to keep Civil War from flaring up in China and taking on the character of a life and death struggle. America's policy at first was to try strengthening the Chiang Kai-shek administration, the Chungking government (now back in Nanking), so that it could force the liquidation of the Yen-an administration and the dissolution of its armed forces. That policy has either failed completely or it is going to take too long. At present, the strategy seems to be to threaten to withhold supplies from the Nationalist government, un-

less it makes its peace with the "Communists" of the north, and the latter is unwilling to comply if the "peace" means for them a sort of "unconditional surrender." America's efforts to prevent an explosion may be the means of hastening it. The Yen-an forces are sufficiently large and dominate so much of China, that they could not be handled as a policing job, nor are they willing to give up control of their armed forces and throw themselves on the mercy of their class enemies. However, they seem to prefer a compromise, provided that it assures them protection and an opportunity of appealing politically to the broad masses of China in a democratic national election.

The decision of the Moscow Conference from which Mr. Byrnes has just returned, apparently consist of an understanding on the handling of the Atomic bomb, and an agreement to administer Japan jointly through a commission to be drawn from the main United Nations, including the Soviet Union. The existing governments of Rumania and Bulgaria were recognized.

With less war on the foreign fronts, the year 1946 seems to be heading into an extension of war on the "home front." The class war, the old struggle between capital and labor, is taking on the proportions of a major national problem. Within the next few weeks, millions of workers will be out on strike unless the capitalists or their government are prepared to make concessions, promptly enough and large enough, to prevent the spread of the strikes to mighty proportions. From various sources come estimates of the number of unemployed that can be expected during the year. The estimated figures run all the way from two and a half millions, said to be out now, to ten millions by the fall months, while some think that eight millions will be the peak and that it will be reached by mid-summer. These figures, it is stated, do not include the "unemployables," meaning, we presume, the cripples, the old and otherwise worn out wage slaves of capitalism.

While the year 1945 will go down in history as a year of agony, the year in which the great war terminated, a dynamic year in the period of world capitalism's disintegration, on the whole the coming year does not present great promise of being a very peaceful or happy one for the vast majority, those who do the work. Starving for capitalism instead of toiling and dying for it seems to be a major prospect for 1946.

John Keracher.

## Liberalism Today

Following the industrial revolution, especially in Great Britain, liberalism played a progressive political role. Through the great Liberal Party, the capitalist class eliminated many of the ancient privileges surviving from feudalism, and with the growth of the cities the bulk of the population was "rescued from the idiocy of rural life."

Liberal thought favored reforms of many kinds. It is true that the industrial capitalists had their own class welfare in mind when they installed the public school system, and drew the masses of the people into political life, yet those measures were of decided advantage to the proletariat as a whole.

Today the role of liberalism is to patch up and endeavor to save a decadent social system, one that has outlived its usefulness and bars the way to social advancement. This behavior of liberalism manifests itself in a number of ways, all of which are aimed at making capitalism more endurable to the broad masses, mainly by resisting the greater centralization of political power, which is the inevitable outcome of the greater centralization of the eco-

nomie power of the industrial and financial multi-millionaires.

The liberals seek to have the state apparatus reformed and some lost political rights restored. They want a more generous political policy toward labor and toward small business, and the farmer. They do not want the working class, the vast majority, to gain political supremacy. They are defenders of capitalism, the "free enterprise" system, and strive to restore its pristine simplicity, to return to the stage of "free competition." They resist all encroachments (political and economic) of big business, but when faced with the choice of supporting the proletarian struggle for political power, or supporting capitalism, they rally to the latter and thus stay in the camp of big business which today dominates the political institutions of the nation.

This political role of liberalism, which usually poses as progressive, is in reality a reactionary one. It wants to return to the political status of the Nineteenth Century, when small business people and the farmers constituted a much larger and more important section of the population, and the proletariat, the wage workers, constituted less.

Liberalism, as such, is not moving with the masses. It is true that it wants the government to grant certain concessions to the workers and the poorer farmers, but why? It wishes capitalism to be kept upon an even keel, to operate smoother with less conflict and less poverty. The forward march of capitalism, however, does not bring about such results, but just the opposite. It brings more strife and more poverty. Class peace recedes and class warfare increases. This the liberals do not understand or do not want to understand. They do not wish to take sides, but because they have no faith in the future of the working class, especially its inevitable conquest of political power, the liberals line up in all major matters on the side of capitalism.

To the liberals the workers are but a mass of helpless people who must look outside of their own ranks for aid. But if the workers ever break with that political policy of looking outside of their own ranks for political leadership, and really commence a struggle for political supremacy, then the liberals will show their true class colors, their counter-revolutionary capitalistic character.

It is time that the working class understood this role of liberalism, and were able to recognize it no matter where it happens to be functioning. America never had a national liberal party such as that which formerly prevailed in Great Britain. The Bullmoose movement in 1912, led by Theodore Roosevelt, was just a Republican party split, and likewise the "Progressive" Republican movement of 1924, led by the senior Robert La Follette. They were only progressive in name, and they were not very liberal. Their net results for the working class were nil.

A liberal party today would not attract much support because the Democratic party has for the past dozen years played the role of patching capitalism. It has been as "liberal" as any capitalist party is likely to be, and it leaves the working class in the same hopeless and insecure economic position. Only a party of the workers which understands that "liberalizing" capitalism is not the answer to labor's problems can be effective.

There was a recent gathering of liberals in New York City. "The Nation Associates" held a three-day forum to deal with the menace of the Atomic bomb. "The Associates" concluded their pow-wow with a dinner at which some thousand people attended. Their guest of honor was Harold Laski, chairman of the British

Labor Party. Laski, after paying his respect to America's military might, to the achievements of the late President Roosevelt, and extolling the "victory" won, engaged in the usual liberal platitudes, such as: "It is for the common people in every land to share in the shaping of their own destiny."

The hindrance to this desired end seemed to be that the "will was lacking." He concluded that what was needed was "planned production for community consumption. From that central principle alone flow the ethical values which can renovate and refresh this dying civilization."

To "renovate and refresh this dying civilization," simply means to "renovate and refresh" capitalism, which is really the role of the British Labor Government at this time. If it is not successful in putting capitalism back upon its feet, through the medium of State capitalism, it will not be due to lack of enthusiasm for the job on the part of the "Labor imperialists," but because capitalism is too far gone for such "renovation," and the British masses too close to starvation.

Something which bothers the liberals very much is the expanding influence of the Soviet Union. The various conferences which have been held by the representatives of the United Nations have baffled their understanding of the foreign policy of the Soviet Union.

That Britain and America are behaving like imperialists seems to surprise them. And, if the U.S.S.R. is not breaking with them on that score, then to the liberals it must be just as guilty. In fact, the role of the Red armies in the occupied sections of eastern Europe appears to them as imperialistic. This is because they fail to understand the basis of imperialism, and for that matter the basis of the Soviet system, and whose policy is in reality anti-imperialist.

Many liberals pose as socialists. One of them was Daniel W. Hoan, for many years mayor of Milwaukee. Hoan quit being a "Socialist" and joined the Democrats because he believed he had a better chance of being elected on the "New Deal" ticket, and he and his associates are now warming up for the next political race in Wisconsin. Dan was the Democratic candidate for Governor in 1944, but he did not attract enough votes to win.

Now it appears that the "liberal" wing of the Democrats in Wisconsin, which Hoan is interested in building throughout the state, is inviting the remnants of the "Progressive" party of the La Follettes to come over into their camp, while the regular Republicans are also trying to line up the badly shattered La Follette following for the next Congressional election.

What sort of "Socialist" was Hoan? He was just the same general type as Norman Thomas. He stayed with the S. P. just as long as he considered it serviceable to his personal political fortunes. Liberals posing as Socialists are also defenders of capitalism as their main effort is to reform it, to make it more endurable for the workers. This, of course, they would not openly concede, because they have an "ultimate" goal, but they have been working so permanently at reforming capitalism, that in practice they are merely liberals. They wail about the increasing repression and demoralization of capitalism, apparently believing that it should improve with the passing of time instead of degenerating as it does. Capitalism cannot be "liberalized," and it is not the historic role of the modern proletariat to patch up its crumbling structure, but to sweep it out of existence and to make room for the new classless society, the Communist society.

John Keracher.

## HOME SCENE

(Continued from page 3)

"harmless" fact-finding can and will be used as another instrument of class domination over labor. The facts need no new finding. They are as old as capitalism itself, and are part of its class relations. Capital's wealth grows with the increased exploitation and impoverishment of labor. Labor's standard of living can only rise by curbing capital's appetite, by making inroads into its profits. These are the social facts that cause industrial conflicts. Conciliation, arbitration, fact-finding or any other form of juggling, can only postpone matters, but not for long. The struggle will out.

**BLUNDERING LEADERS:** Something is palpably wrong with the leadership of the U.A.W. when in a space of a couple of weeks, it commits two elementary blunders. During the initial stage of the GM strike, management contemptuously snubbed the union by refusing to sit in with it at the invitation of the government. Following that GM officials proposed through a letter to the U.A.W. that some of its men return to work in those GM plants producing parts for other concerns not affected by the strike. And the U.A.W. fell for this bait. The union's president, Thomas, as reported by the press, replied by letter accepting the proposition. If it had not been for strong rank and file vigilance, GM's design might have carried. Thomas, later disclaimed any part in writing such a letter. Whether Thomas or some other official was directly responsible is not the important thing. The point is that a blunder was made by U.A.W.'s officialdom, thwarted only through the workers themselves raising hell about it. A return to work in some GM plants would surely have caused a breach in the striker's ranks. Unity would have been weakened, if not cracked.

The second blunder came with the surprising offer of security by the Ford section of U.A.W. to the Ford Motor Co. which is now not on strike. The union guarantees the company against wild-cat strikes, in which event the union itself would undertake punitive action against offenders, \$3.00 a day for the first offense, \$5 for the second, the leaders of such unofficial strikes to be discharged. Such self-inflicting punishment can be the suggestion of either fools or knaves.

Some might excuse or even defend this as a psychological tactic of expediency by playing off one force against another, Ford against GM. But then, what about Ford's long history of labor-baiting and anti-union practices? In addition, the unity of capital in the automobile industry, and elsewhere, as regards their labor relations must never be overlooked, despite their inner business differences.

This "silly" offer has not softened up Ford, who since has rejected the union's demand for 30

per cent wage increase. Such security if put into effect would only bring insecurity to the workers. In its concrete application it could lead to a conscious weeding out of the best and most militant trade-unionists. Its final result would be a splitting up and depleting of the union.

The Ford U.A.W. leadership deserves a severe censuring for a weak labor policy. The task of unions is to look out for the security of its labor members. That is difficult enough, in the face of economic conditions and the powerful array of capital and government against it. Capital's security rests upon its own economic and political power and is well defended by the manufacturers, bankers, and commerce organizations. Such mistakes are the product of leaders who don't understand the nature of the class struggle and the interests of the class they represent.

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### Health Problem

ted a "National Health Insurance" President Truman has submitted to Congress for consideration. The Wagner-Murray-Dingle health bill has been lingering now for several months without serious attention by Congress.

Judging from the recent actions of Congress on "human welfare," either bill, if even considered and passed, would look pretty anemic. For Congress, right now, cannot be bothered with such common trifles as health bills. Presently it is engaged in serious legislation of aiding business with tax reductions, bottling up labor so business can "shake well when using" and searching for a scapegoat for the Pearl Harbor blunder.

The shocking rejection rate of men at the induction centers during the war has jolted the serious leaders of America to try to do something about it. These are trying times and healthy men and women will yet be in great demand. It will be just too bad for Wall Street to have weaklings defending its far flung interests. Hence the agitation for spartan souls.

The bills themselves are a sort of extension of the Social Security Act. The Social Security Board figures show a daily average of 7,000,000 unable to work because of sickness and disability. The money for providing medical attention would be raised by tax on pay rolls and wages.

Opposition to the bills has been voiced by members of the American Medical Association. To them the proposed health bills look "red" and are labeled as "socialized medicine," adding that it would be the start of the ruination of the American system. That would be bad. Improved medical attention is desirable but must not interfere with the business of doctors. Nationwide health coverage would interfere with the "freedom" of the medical profession. Doctors with lucrative practices would feel

## Economic Law and Wage System

(Continued from page 2)

We demand at least 30 per cent higher hourly rates to keep up with increased living costs."

The employers (the capitalists, artfully referred to as "management") say: "If we pay an increase of 30 per cent on the hourly rate of wages, without getting higher prices for our products, then the increase will have to come out of our *reserve funds* (profits). We cannot afford to pay such an increase." Labor says: "Yes you can!"

The government is heard from. President Truman says: "Since wages are paid out of earnings, the question of earnings is relevant." What Mr. Truman means by "earnings" are profits. Strictly speaking, wages are not paid out of profits. Profits are what are left in the hands of the capitalists, after wages and all other expenses, necessary to production, are paid. This surplus, or profit, is usually large enough, invariably several times higher than the volume of wages, paid to the productive workers.

Labor should struggle at all times for all the wages it can force business to pay, regardless of what capitalist products are sold for. If the workers begin to worry about the price of locomotive en-

a pain in their wallet. While scientific, in many respects, in the diagnosis of human ailments, the doctors in opposition, evidently fail to apply that scientific analysis for the social ills.

The cancer, eating away at capitalism, calls for drastic measures. Medicine is not the only business which finds itself in such shape that it needs the guiding hand of the government. The trend is in that direction. Government sponsorship and interference in private enterprise is the prescription used to safeguard the health of business as a whole. It is a palliative, to be sure, but necessary to the prolongation of the American system.

As for the most numerous patients, the workers they are just the guinea pigs of the social quacks. On the one hand, the government sponsored health programs are ostensibly promoted to improve the health of the workers, while on the other the exploiting capitalist system breaks the health of the workers. Under the most favorable conditions of business, during prosperity, overwork undermines the health of millions. The opposite, depressions, bring on poverty and unemployment with its consequent undernourishment.

At best, the health plans, even if adopted, are but a scheme to keep the workers fit enough so that the exploiters can drive them all the more. Enjoyment of good health by the workers is unattainable under free enterprise, or its modern extension of controlled private enterprise—state capitalism.

L. B.

gines, battleship or limousine cars, things they do not buy, they will be letting themselves in for many headaches. The price of cornbeef and cabbage, as it affects their real wages, their living standard, is of concern, but not the price of railroad, bridges, banks or office buildings.

The economic blunders now finding frontpage space in the daily press, are not all emanating from government sources, or from the owners of industry. The workers, too, are guilty of strange economic beliefs, which lead them to many false conclusions.

One of those beliefs runs somewhat as follows: "What is the use of fighting for higher wages, when the capitalists have the power to put up the cost of living, and thus take the increase back again?"

If it were true that the capitalists, the sellers of commodities, could raise prices at will, they would be doing it constantly, whether wages were rising or falling. They have no such power. The laws of political economy govern them as well as the workers. They do not govern the laws. If business men had such power, there never would be depressions nor business failures, bankruptcy would be unknown.

Another fallacy is the contention that workers, because of their vast numbers, constitute the greatest bulk of purchasing power, and, therefore, high wages are the source of prosperity under capitalism. This sort of nonsense is put forth by men like William Green of the A. F. of L. and Philip Murray of the C. I. O.

If this argument was true, then the capitalists, who certainly desire prosperity, would be just as much interested in higher wages for workers as Messrs. Green and Murray.

That the industrial workers buy the vast bulk of cheap things is quite true, but they do not, in fact cannot, buy the vast bulk of products. Their wages being but equal in value to a minor portion of the annually produced wealth, they, even if they spend every dollar of their earnings, can only buy back the equivalent of that minor portion. It may be equal to one fourth or a fifth of the wealth produced. It may be equal to one eighth or less. However, if we take the working class as a whole, their wages might be equal to fifty per cent of the values produced each year. There are millions of workers who produce no wealth, they simply consume, and this section of the population tends to increase. They consist of political employees of all sorts, policemen, firemen, jailers, soldiers and sailors of the armed forces, government office workers, and office workers of the legal profession, bank employees, teachers, etc., etc.

This vast number of non-producers, wage workers also, are paid

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# Fact-Finding in Labor Disputes

Labor-Management peace has not arrived. Workers are striking and threatening to strike. Management is holding out for settlement not satisfactory to labor. The government, charged with the duty of maintaining order, peace and tranquility, is interested in speedy agreement.

President Truman has suggested several remedies. Congress has been working on others. To begin with, the President wanted his suggestions adopted voluntarily by the opposing forces. The theory followed was the old accepted one, that the economic affairs of the people are their own private business.

To hire labor in the open market to hire out as a laborer, or to refuse to do either, are still considered some of the basic "rights" of American citizens. In war time these rights are abrogated in the interest of national defense. With the return of peace, peacetime rights should be speedily reestablished.

not by the owners of industry. They are not employed by them. They are employees, mainly, of the state and the source of their wages is taxation. It is true, also, that the bulk of the taxes are paid by the owners of industry out of the vast surplus values produced by the industrial workers, ~~out~~ since they are workers, and are paid wages, their great numbers increase the total annual wage bill of the working class as a whole.

Much purchasing power is in the hands of those who purchase steel, oil, rubber, buildings, railroad equipment, ships, planes, etc. It is approximately fifty per cent or more of all purchasing power. However, the question of increased wages as the source of prosperity should be examined. If wages are raised or lowered, say twenty per cent, it has no effect upon business as a whole. It simply means that the dealers in cheap commodities, necessities, would get more business and the dealers in commodity which the capitalists buy would get that much less if wages rose and vice versa in the case of falling wages. Fewer necessities are purchased when workers are getting low wages, and more necessities when wages are "high," but the market in general is not affected.

Sentiment is one thing, science is something else again. It is important that the workers know the truth. In the long run, science, sound economics for instance, will help the workers more than sentiment with its false economic theories.

Economic laws are not made by men. They evolve out of social relationships. Bucking against them will not help. Understanding them will.

J. K.

lished. Only when individuals are unable to carry out their economic interrelations sufficiently well for the "good of all" should the government step in with stronger measures.

Under this theory, the President suggested, first a Labor-Management Conference. Then he suggested wage advancements, based upon the different firms' profit standing and ability to pay, this without any further price advances. Next, he suggested that the above policy be followed, with the provision that after a trial period prices be advanced when necessary for continued production.

The suggested plans did not bring peace, but the President had a new one up his sleeve, a Fact-Finding Commission to be appointed by himself. This Commission he wished to have certain legal powers. He wanted it to have power to call witnesses and to look into the books of firms to establish possible ability to increase wages. He also wanted to establish a 30-day cooling off period, during which the "facts" should be established and during which there should be no strike or lockout.

As there was need for speed, and Congress usually acts rather slowly, a Fact-Finding Commission was appointed to work with the contending groups on a voluntary basis. Neither labor nor management has taken kindly to the fact-finding idea. Labor opposes it on the ground that it suggests a partial curtailment of the use of the strike weapon. Management opposes it on the ground that business records are the private concern of the firms, that profits have no relation to wages, and should not be investigated in labor's behalf, and, perhaps most strongly, on the ground that government has but one function in Labor-Management disputes, *to keep order.*

This function is clear, and well established. Labor goes on strike. Strikers have trouble with strike-breakers. Every time the police force is called out in labor disputes it is labor and not management that is being pushed around. Something new, however, has entered into the situation. Labor has organized by millions. It has become a force to reckon with. Police interference might provoke labor resistance. Peace is wanted, not battle. If more subtle means can be used to keep the conflict in check, such means are more desirable from the "public" point of view. It is thus that we hear of the many suggested remedies, including "fact-finding."

Since it appears that voluntary fact-finding will not be able to function, it is but logical to expect that this "remedy" might be legalized. Will, then, such a new governmental commission be able to bring peace to the warring labor front? By no means. It is not

likely that even the thirty days cooling off period could be enforced regularly. Strikes were illegal during the war, yet some strikes occurred in spite of both legality and the patriotic urge.

To begin with, it would seem logical that fact-finding with authority to look into the profit structure of firms should be able to establish ability to increase wages in many cases. Labor has no doubt that profits are high in many places. Labor unions insist that, upon facts already revealed by tax returns and other information, many firms could increase wages by 30 to 38 per cent and still retain profits double what they were in 1939.

If the fact-finding method should be adopted, labor would soon start to learn that the situation is not so bright. First of all, the fact-finders will not be appointed by labor but by the government. Such "public" men might "find" more facts working against wage increases than they will find favorable. Second, no matter how impartial the fact-finders, there are firms who operate at low or even at no profits. Poor management, lack of modern equipment, poorly organized sales methods lack of a ready market and other causes operate to reduce profits and sometimes bring losses under any wage structure. If a firm should show no profit or a very low one should its workers then be forced to take a wage cut instead of an advance?

Third, and more important, all business establishments have a financial structure corresponding to its profit position. This structure changes readily to any improvement in the profit situation. It changes reluctantly to all deteriorating influences in its business returns. This sounds complicated but it can be explained with a few examples. Farmers raise wheat at eighty cents a bushel. The land is worth forty dollars per acre. The average farmer makes an average profit. A shortage of wheat puts the price to \$1.60 per bushel. Profits increase. Farm prices are stimulated and land goes to eighty dollars per acre. Profits on the new valuation are again close to normal.

After a period the price of wheat returns to eighty cents. It will not provide average profits on eighty dollar land value. Land values start to decline. Meanwhile many farms have changed hands. The new owners have bought a eighty dollars. Bank loans had provided a greater part of the purchase money. Interest payments cannot be met. Foreclosures become frequent. The farmers are in distress. What about the fact-finding commission? Could the hired help be granted a wage increase? Wage reduction would seem more necessary, both to the banker and the farmer. Even before the price of wheat dropped, the new land value would reveal that profits were just

average and not adequate to support an advance. The figures used here are chosen arbitrarily, but the condition revealed has held good on the nation's farms since things were first produced for sale on the market.

The nation's railroads, at the time they had a monopoly upon most of the transportation, made enormous profits. The financial structure of the roads soon fitted the profit position. Any demand by the railroad workers for more wages to meet higher living costs could always be countered with "proof" that such wage advances would bring bankruptcies. When the railroads began to face competition from trucking and other means of transportation, bankruptcies became the general rule, and railroad bonds did not bring the stipulated interest.

The financial structure, here revealed for farmer and railroads, holds good for every business in the nation. An industry that has made high profits during the war has advanced in price, usually revealed on the stock market. Returns on the new value basis will soon reflect what goes under the name of average returns. A reduction in such returns will cause financial trouble.

Fourth, goods must be sold as well as produced. Many a company will claim that it costs just as much to sell an article as it does to produce it. If an article is produced at a cost price (including average profit) of \$50.00, but advertising, wholesale and retail profits add up to a similar outlay, it is clear that a price of \$100.00 would not provide an excess profit from which to draw for wage advances. True, the workers could argue that higher wages would create more demand so that the sales cost could be reduced. To this it will be as readily countered that to reduce sales costs would affect existing sales organizations adversely and thus undermine a very important part of the nation's business.

No! The capitalist system of production cannot be made to conform to the needs of the producers. It might at times seem to be beneficial to have labor's friends in government positions. In the long run even the best of such "friends" will have to take a stand against labor if the structure of capitalism is to be preserved.

Labor will continue to get the short end in its controversy with management, not so much because its representatives or friends bow to the demands of the capitalists as because the working of the economic system itself.

Labor-Management peace is as impossible as permanent international peace under capitalism. The unavoidable struggle between labor and management will, however, not be in vain. Through its many defeats and failures, labor will finally learn to take up the fight not for agreements within but for abolition of capitalism.

C. J.

## The 'Hot Spots' Grow Cold

The demoralizing influence of peace has dealt the Chicago hot-spot sections a resounding smack. Bartenders and tavern hostesses—these unofficial operatives of the well advertised "beer and prosperity" program, are now busy trying to sell drinks to each other instead of to thirsty customers. Peace is very desirable, of course, but war did play such a lively tune on the cash register. Accordingly, tavern proprietors are said to have approached the city hall with a demand that something be done, and quickly. They very logically point out that, like other capitalists, they need an outside market; a market that will walk in and deposit hard cash on the barrel head; cash that has not first come out of the proprietor's pocket in the form of wages.

The deliberations of the city hall Solons are at present shrouded in a heavy pall of cigar smoke as the massive intellects attempt to dry out the atmosphere surrounding this very wet problem. However, according to the "grapevine," the majority seem to be in favor of increasing tavern license fees from \$1,200 to \$2,400 a year, thus halving the number of taverns in business while at the same time maintaining the status quo insofar as the local tax "take" is concerned. This proposed solution will undoubtedly seem all wet to the smaller operators, but they, like other small business men must learn that big business does not willingly share its markets with upstarts. Big business and its government is not interested in making goods of any sort available to the American worker when the money to pay for these goods must first be dipped out of the employers treasury. There simply is no profit in selling goods to the help, for you only get your own money back—and then you are out the goods in the bargain. Low wages and correspondingly low consumption of goods leaves more on hand for export to a foreign market where they bring in profits instead of losses. Hence the solution offered by the Chicago City Hall Solons seems to conform in every detail with the new American national economic policy. A policy of less goods for domestic consumption in order to provide more goods for export.

Now that the war between the big international capitalists has been transferred from the battlefield to the diplomatic conference tables, the war between international big business and purely national small business is taking definite political as well as economic form. The old unity of American capitalism shows signs of cracking under the stress of unequal economic pressures on different parts of that none to sound structure. A rather serious split in the ranks of American capitalism seems about due, with both sides attempting to draw the workers into their own respective political camps, to help

them win advantages but without any definite benefits for the worker. Every military strategist knows that when the ranks of the enemy are split by internal dissention, is a good time for attack. The time when American labor can gain much real benefit for itself seems near, and with powerful unions already on the scene, their logical counterpart, a powerful, revolutionary workers political party is needed, if an attack is to result in lasting victory—and permanent peace. So what are you so glum about, Joe? Pull up your stool and have—not just another drink on the house, but possession of the house and entire stock.

A. Netzel.

## Yankee God

America now leads the world in many ways. It is a land where things are done on a big scale. Its fame arose a long time ago as the land of capitalist success, where cash is king. Here the worship of business success has become something in the nature of a national cult. "Almighty Dollar" is the god that is worshipped. "He looks like a million dollars," is a popular form of expression. "Money talks," is another.

Frequently we will meet with some fellow who does not impress one with his outward appearance,

to say the least. He may be lean and shabby looking, but he talks money by the mouthful. He is the one who can tell you about the stock market. He knows when stocks or bonds are going to rise or fall, and he knows just where money is beckoning upon someone to wade in and pick it up.

If you have not "made good" in this "land of opportunity," then there must be something wrong with you. However, there is usually a sort of anti-climax with those devotees of the Mammon cult. They are frequently broke. Temporarily embarrassed, probably. Close investigation invariably reveals that it is some other fellow's success that kindles their worshipful flame, not their own.

They remind us of the bald-headed barber recommending hair-restorer, or of the professional "tipster" who can always tell just what horse is going to win the race, so that you will know where to place your bets with confidence, but the "tipsters" never seem to bet upon the "sure thing" themselves. They continue to be broke, year after year, and still maintain their frugal status as half-starved "tipsters," and it is just one of the things which characterizes the worshippers of the great Yankee god, "Mammon."

Many a "down-and-out," who still is devoted to the bourgeois success cult, consoles himself for his economic plight with the

thought that "someday my ship may come in," but with the great majority of the followers of Dollar Almighty, it won't even be a row boat.

"The New Statesman and Nation" (London, Nov. 24, 1945), says. "The Chungking - Yenan struggle is only a facet of the rivalry between American Imperialism and Soviet Communism."

\* \* \*

"In Korea there are serious political and economic complications. In Northern Korea, controlled by the Russians, the Revolutionary Party has taken over the government; collaborationists are in prison; and a radical policy both in industry and on the land is being inaugurated.

"In the American zone there is great confusion. The U. S. military government makes no secret of its cooperation with Korean business interests, with collaborationists and with the Japanese: and it is excluding members of the Peoples Party from many important posts. This is an organization, with widespread popular support, which developed from the Korean Resistance Movement. The government is formed from the right-wing Democratic Party, whose main attraction in American eyes was that they could be relied on for their anti-Communist policy." (The New Statesman and Nation, London, Nov. 24, 1945.)

## HOW TO BOLSTER PURCHASING POWER

Phillip Murray, president of the C.I.O. says: "If adequate wage increases are not granted to bolster purchasing power, unemployment will increase in 1946."

The capitalists cannot make profit from unemployed workers. If Murray's economic "science" were sound they would be continually increasing wages, and if there was the least sign of a breakdown in business, they would boost wages still higher. Capitalism wouldn't even have a ceiling on wages.

What is wrong with this manner of "bolstering purchasing power" is that the capitalists don't care to purchase prosperity with their own cash. They are convinced they cannot enrich themselves by taking money out of one pocket and putting it into another.

"Modern industry has established the world market, for which the discovery of America paved the way. This market has given an immense development to commerce, to navigation, to communication by land. This development has, in its turn, reacted on the extension of industry; and in proportion as industry, commerce, navigation, railways extended in the same proportion the bourgeoisie developed, increased its capital and pushed into the background every class handed down from the Middle Ages."

*Communist Manifesto.*

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