

her eastern front. England fights for her supremacy in the Mediterranean; she also needs a friendly Spain. "Democratic" or "fascist" plays no part; Spain must be friendly to her interests. If Italy and Germany will not risk a war with France and England, those countries cannot then make Spain to a nation opposing England and France. If this war will not come, fascism in Spain will not be directed against the french-english interests. Democracy in Spain is meaningless for France and England; it is not that for which these countries are bargaining. They are struggling, rather, against the influential gains of the fascist countries within Spain, at present bound up with their support of Franco. Spain must be further weakened - the war must be extended - so that either possible winner accepts the dictates of England. A strong Franco will have strong demands on England. A weak Franco, with a war-tired population, will not dare to force the issues between the fascist countries and England and France. England prolonged the war in Spain by equalizing the fighting forces.

On Feb. 14, the New York Times reported from Paris: "The British Government, having now received from General Franco all the assurances it asked regarding the future with regard to Spanish territory and British mining concessions, has decided to abandon the non-intervention effort which it considers virtually impossible because of Portugal's refusal to participate.... Meanwhile, of course, the pretense of non-intervention will be maintained on all sides.... Behind the British change of front is the unwillingness to let Italians and Germans claim credit for a rebel victory. While Italian and German troops have been fighting in Spain for the promise of concessions, the British, it is said, have been negotiating. The final word in the negotiations has throught lain with those who have money, more than with those who supplied troops, so it is believed London has obtained all the guarantees it requires. Coupled with that purely materialistic argument is, of course, the other argument which will receive more prominence, that the recent course of the war has shown that even while the Rebel's progress has been slow, it is evident that the Loyalist cannot win".

One week later this statement was apparently contradicted and yet verified by the agreement of the non-intervention powers to declare a ban on foreign volunteers for service on either side in the Spanish conflict, and for a blockade to enforce the agreement. "The Committee for non-intervention in Spain has been saved from wreck at the eleventh hour", writes the New York Times of Feb. 21. "Even when general Franco triumphs, as the British expect he will eventually, what will be his relations with the foreign allies who have enabled him to win? If for-

eign troops stay to maintain him, how will Spaniards react to that? A continued official attitude of non-intervention will mitigate the German and Italian dilemma; to withdraw their troops without loss of prestige... Germany and Italy are rejoicing that they are scraping out of a tight place. Neither wants war now. Even the Russian government is probably relieved, for it has been caught in a similar trap. The difficulty of face-saving at home still remains, but so does the necessity of saving Mr. Blum's government in France. The Soviet Union is no more desirous of a European upheaval than any of the rest. A non-intervention stand together with the rest of Europe is its own excuse while leaving Soviet orators free to emulate their opponents by fulminations against fascism at home".

Seemingly the powers involved in Spain have come to an understanding. By what kind of a bargain cannot be seen as yet. The only thing that is clear is that all powers are convinced that capitalism is saved for Spain regardless of who wins, Franco or Caballero. The powers have found a temporary solution for themselves and trust that Franco will find one for Spain.

There remains, as far as the imperialist interests are concerned, two possibilities. First: that the present agreement continues to be in force. This means that the loyalists don't get any further help, and that there will be no interference in supplying Franco with war materials to help him to victory. By this the war will be continued in Spain to the point where all opposition to Franco is sufficiently crushed. It will also enable his dictatorship to rule unhampered for a considerable length of time. The other possibility is, that further shifts in the international alignment of the imperialist forces will disturb the present balance of power and force England to grant further concessions to maintain world peace. A change of the German-Russian relations would be sufficient to make this possible.

For Spain this situation allows three possibilities: (1) that Franco wins and, after a tremendous blood-bath, establishes his dictatorship; (2) that he cannot win in spite of help from the outside, (a help which is limited in order not to indebted him too much to the fascist nations) and that he accepts a compromise solution. There is no reason to believe that the Valencia government would not accept such a compromise under the formula of the "lesser evil"; (3) if this compromise is excluded by the action of the non-conformist elements in Spain, and if Franco does not win, Caballero will have to undertake Franco's job and do away with all opposition to the continuation of capitalism in Spain. A real economic revolution after the possible defeat of Franco would mean at

once the open intervention of all the capitalist powers. The last months have shown sufficiently that in such a case the international working class would not arise to help their fellow-workers in Spain.

The job of making Spain safe for capitalism has been allotted to Russia. We remember that Russia entered the non-intervention pact and at first refused help to the loyalists. Later this policy was changed; some food-stuffs and war materials were sent to Spain. At present, reversing her policy again, she ceased to send help. Russia, believing at first that the Madrid government would be able to crush the rebels in a short time, tried to avoid all complications for herself. She wanted a Spain friendly to France in order to fulfill the needs of the Russian-French military pact. The intervention of Germany and Italy into the civil war excluded an early success of the Madrid government. The whole thing became a little world war in which Russia had to partake to serve the French and English interests with which Russia is at present allied. The extent of the civil war, the anarchist element in it, allowed for the possibility that in Spain capitalism itself may be wiped out. This would have meant the open intervention of many capitalist powers in Spain and a sudden clash of imperialist interests which probably would have marked the beginning of the world war.

The precarious political situation in France, at the time, allowed for the possibility that the Spanish revolution would have spread over her borders. This would have meant a civil war also in France which, under the then existing conditions, could only, if successful for the revolutionists, have led to conflagrations with Germany and so to a world war. If unsuccessful, it would have brought fascism to France and a possible shift of policy with the probability of a scraping of the French-Russian pact. It was necessary to bring about a balance of power, to exclude an early outbreak of the coming war and to exclude the spreading of the revolution in Spain towards an economic overturn. To prevent the latter situation, a capitalist power had to influence the revolutionary movement itself.

The existence of the C.P. in Spain was not sufficient. Its work was largely counterbalanced by the anarchists. Even the swallowing of the Socialist Party still left 50% of the political forces in the hands of the anarcho-syndicalists. The latter could not be met in battle. They had to be bribed and outwitted. Recognizing that Franco would win, in case help from the outside was denied to the loyalists, the anarchists had to accept the Russian bribe and domination of the anti-fascist front which automatically worked against the anarchists. Russia be-

came very popular in Spain. The political influence of the Valencia government became stronger, the anarchist position weakened considerably. Russia's help became her weapon with which it started out to kill the revolution from the inside. If Russia would not be pleased it would withdraw its help. If the bolshevist forces were attacked, the anti-fascist front would break down. All political organizations had to fight Franco and postpone the settlement of all other questions. There was no other way out of this situation. The real conditions proved to be stronger than the political programs. It would be foolish to blame the revolutionary groups for the one or the other wrong step, as even a correct policy would have meant nothing.

International capitalism, including the Russian brand and its instrument, the Valencia government, were, under the present world situation, too much for the revolutionaries in Spain. The anarchists were at a disadvantage. They tried to make the best of an unfavorable situation. They became opportunists and it is idle to ask if they liked to be opportunists; that is, if they 'betrayed the cause' because they had no other choice. Even if their opportunistic policy did arrive at no more than the postponement of their own end, nothing else could be done. The circumstances forced the policies of the anarchists, not their own decisions. That a part of the anarchists saw in the situation, forced upon them, their own smart policy which they then tried to defend, is nothing new. Many people believe that they are pushing when they are being pushed. By the force of necessity, the anarchists became Bolsheviks, and not Bolsheviks of 1917, but of the 1936 brand.

Russia's help created a kind of blind enthusiasm for Russia and the Third International. Even in Catalonia where the "communists" were insignificant, they grew very fast and increased their influence in the U.G.T. They captured the leading role in Spain and played an ever greater part in Catalonia. This growing influence was illustrated by their undisturbed fight against the P.O.U.M. "Trebai", a daily paper of the United Communist and Socialist Party of Catalonia, wrote in November that the members of the P.O.U.M. were "agents of Franco, Hitler and Mussolini". The Russian Embassy in Barcelona handed a note to the press in which it was said that the P.O.U.M. "was bought over by international fascism". In the middle of December the P.O.U.M. representative was expelled from the Catalonia government. The leaders of the C.N.T. became somewhat uneasy on account of the growing influence of the C.P. They are afraid that the C.P. may take the whole power into their hands, but they are unable to oppose the C.P. To save themselves today, they have to nourish their dead-

ly enemy of tomorrow. Some of the anarchists still believe that in the long run they will be able to outwit the C.P., but as they lose influence continuously this will prove to be an illusion. There are only two possibilities for them, either to go Bolshevik entirely as it is expressed today in the Valencia set-up, or to be eliminated in the coming struggle against the Valencia government. Only a success of Franco would change this situation.

The Valencia government and also the anarchists have unified the military forces of the nation. The struggle in Spain is no longer one of the working class against fascism and capitalism, but a struggle between two armies of two different governments. There was no choice in the matter. Durrutti explained this situation to a reporter as follows: "For many anti-fascists the revolution is not yet a social fact, but a phase of transformation between two periods of 'normality'." When he was asked, "Don't you think the militarization might endanger the revolution, should the war go on very much longer?", he answered, "Yes. Certainly! That is why we must win the war soon". (Boletin de Informacion, Nov. 18, 1936.)

But the war still rages on. The revolutionary elements become less and less important. The "spirit of today" has nothing to do anymore with a revolutionary outlook. Desperation may change this and bring back a real revolutionary situation, but at present Dolores Ibarruri fumes: "Socialists, Communists, Anarchists, Republicans, Catholics, all who love their country, all united." And Espla declared at a conference in Valencia (Jan. 18.), "it is necessary to organize and win the war. Thereafter it will be possible to seek a way of organizing Spain in conformity with the peoples' desires". Carillo proclaimed: "Our immediate necessities are a powerful defense - an army, air force and fleet that can assure victory and guarantee the freedom of our coasts and our commerce". And everybody declared that "the collectivization measures taken in some parts of Spain had been premature and ill-considered, and would have the effect of making the small proprietor regard us as enemies". This 'small proprietor business' is only the phrase behind which is concealed the general refusal towards all real socialization. The agrarian decree of Oct. 7, for which the communist minister of agriculture, V. Uribe, was responsible, provided only for the confiscation of the property of those landowners who have taken an active part in the rebellion. Big-landed property, as such, therefore is not to be confiscated. Many peasants and tenants have actually confiscated the land without waiting for any government decree, but unless this process is legalized, none of them know whether a bourgeois Republic might not

take the land away from them again.

The collectivization in industry has the same character of uncertainty. There is no provision for the continuation of the present industrial organizations after the civil war. What has taken place so far had more the character of a war-necessity, the control of production for war needs, than of actual socialization. The workers councils in industry can at any time be taken away from the workers as long as the government controls the army. The collectivized enterprises run on a capital-wage relation basis and nothing else is possible as long as the whole of society is not socialistic. If there is no total socialization, then the return to the old capitalist relations is inevitable. A state capitalism a'la' Russia might be a temporary solution, but seems to be precluded as matters stand today.

Socialism is not as yet established in Spain, nor is it growing. To have such a situation, it would be necessary to deepen the revolution; but at present only attempts to flatten it further are made.

(More on Spain in following issues of the C.C.)

=====

WAR PREVENTION SCHEMES.-(continued from page 11)

try, such as steel rails, railway equipment, to lesser developed countries and markets for manufactured goods. Such transactions necessitate in many instances concessions from, or the complete domination of, foreign governments to protect their investments of capital in the lesser developed countries. These causes of war are natural products of capitalist society.

These various schemes for war-prevention mentioned leaves untouched the real causes of war. Pacifists, liberals and so-called revolutionaries, participate in anti-war and anti-fascist demonstrations in an attempt to prevent war. Such attempts are futile; for so long as capitalism exists, the conditions for breeding wars remain. To eliminate the causes of war is actually to eliminate capitalism. Only a communist revolution can abolish the methods of capitalist production which give rise to modern warfare and the subsequent hair-brained schemes to prevent wars.

THE SITUATION IN ENGLAND.

The last year has been one of considerable and widespread continuation of the progress in the economic situation that has been going on since 1932. The unemployment percentage, 12.1 per cent in October, 1936, as compared with 14.5 per cent in October, 1935, is lower than it has been at any time since 1929. Month by month the figure has been about 2.4 points below that for the corresponding month of the previous year, so that that figure - or about 300,000 men per annum - is the rate at which the number of unemployed is being reduced. With employment actually increasing at about twice that rate, since the working population is being augmented, and bearing in mind the peak of unemployment at 23 per cent in 1932, one is tempted to think things pretty good. At this rate unemployment should be wiped out in a few years.

It should, however, be borne in mind that the remaining unemployed - over a million and a half - will not be absorbed as easily as the million and a half that have been absorbed in the last four years, even if similar favorable conditions remain. Large numbers are located in the depressed areas where only special measures are likely to avail and are not too likely to be applied very thoroughly. Many have been rendered unfit for work by long involuntary idleness and "malnutrition". As the unemployment percentage falls, the proportion of those that have been unemployed for longer periods has risen; those who have been unemployed for five years or more have increased even in absolute numbers. These have doubled in number in the last year, there are now some 60-70,000 in spite of discrimination in their favor by local authorities in choosing men for relief work. This must mean that the men are not really fit for work. In the opinion of one who has made special investigations, in the relatively prosperous areas - where about one-third of the unemployed are to be found - men who are less than 45 years old and who have been out of work for three months or more are pretty certain to have some disability which makes them less desirable for the employer's point of view. They can only be employed if wages fall or if prices rise so that real wages fall.

The greater difficulty of employing more of the unem-

ployed is seen in the output figures. Retail sales have gone up 7.4 per cent (October, 1935-October 1936) and business activity by 8.5 per cent. Coal output is up by 3 per cent as against 1935, but steel is up by 20 per cent and pig iron by 19 per cent. (Here we see the influence of re-armament.) Production as a whole (Board of Trade Index) is up by 10 per cent. Since employment has increased only by about 6 per cent this might be considered as an increase in efficiency. But it is probable that hours worked - including overtime and diminution of short time - have increased considerably more than this and that there has already been some loss of efficiency thru the employment of men less suitable for their jobs than those previously there, and this has led to delays and difficulties of delivery. Costs are rising rapidly in shipbuilding and freights have risen as much as 17 and one-half per cent in the year. In the steel trade a reduction in exports is attributed to a diversion of limited supplies to the more urgent home demand. Examples of limitations of supply are becoming increasingly frequent. This is an index of the increasing difficulty of further diminishing unemployment.

Until recently the main item of investment on which the increasing employment has rested has been in the building industry. In the last few months it has become increasingly clear that building has reached its peak. Building plans passed in October were 12 per cent down on October 1935, though for the previous quarter there had still been a small increase (1 per cent). Dwelling house building had gone down earlier, being about 3 per cent down on the previous year for the quarter July-September 1936, and about 20 per cent down for September 1936. Factories, etc., are still being built at an increasing rate. The decline in investment due to saturation of demand for houses could very easily have been the beginning of a new slump. There can be little doubt that such a relapse has been prevented by the increasing investment in armaments. It has been estimated that armament expenditure has amounted to 117 million pounds in 1934-5 and will reach 161 and 195 million pounds in the current financial year and in 1937-38 respectively.

This very large item - with the other investments that will be called forth by the increasing prosperity that will accompany it - will be sufficient to prevent a relapse thru an initial failure in investment. The danger will lie rather in the difficulties of increasing output that might lead to rising costs and rising prices in a vicious spiral and even more in the dangers of a relapse resulting from a checking of investment by measures brought on by this or designed to prevent it.

So far there are no signs that this dangerous level - which truly deserves the name of boom - has been reached. It is true there has been an increase in wages. During the year, increases of wage rates have affected about four million workers and have meant an increase in the wages of those men of about half a million pounds a week (an average of two shilling six pence a week for these men or an increase of about 10 d. a week on the average wage rate of the whole working population.)

But this is not a case of wages being forced up by militant workers bent on maintaining their real wages in the face of rising prices. A part of this consists of the restoration of economy cuts and changes according to sliding scales, while the greater part followed negotiations; only a small part "followed a cessation of work." As measured by strikes, there was a decline in militancy, the employers winning the strike twice as often as the employees. Nor has there been any appreciable tendency for real wages to fall. The cost of living is 3 per cent up on 1935 which is about the same as wage rates. There is as yet no vicious spiral. The general agreement, by representatives of various views and interests in a recent symposium in the Economist, that there should be no move at present towards dearer money is important insofar as it diminishes the danger of a reversal of recovery by monetary measures.

A further source of danger is seen by many in the balance of trade. As employment increases our imports go up to provide the extra consumption and the extra raw materials needed. This produces an unfavorable balance which may force either internal monetary restriction or a further depreciation of our currency. This danger has often been overestimated. In times of generally worsening conditions, the depreciation of a currency can have very bad effects on other countries - as when we went off gold in 1931 - but nowadays its effect can very well be the reverse, as when France devalued recently and everybody felt more comfortable. It is true that the general recovery in our activity is not found to have come about to the same extent in our foreign trade. It is this, in fact, which is one of the most important facets of our depressed areas problem. In steel, for example, we have got back beyond our 1929 record output but have only half the foreign trade. Nevertheless, it should be possible to get over these dangers if the improvement in trade in other countries continues. Recovery abroad is now much more general, and there has been a distinct acceleration in prices abroad. United States consumption has reached the 1929 level. Recovery in most other countries started later than here. This recovery should lead to an increase in

demand for our exports, which should help considerably. Also, there are signs that the importance for English prosperity of exports is receiving more attention by the authorities relatively to the need for Protection and we may see a movement away from the isolationist policy of Ottawa to one by which we reduce tariffs in return for similar concessions. This would do perhaps more for other countries which are now in a worse position than we are than it will do for us, but we should benefit thereby, for the danger from an unfavorable balance is a danger which exists only for a country which is out of step with the rest of the world.

In the absence of important political complications, the increase of prosperity can still continue for some time before the position becomes very precarious, and crisis and collapse from merely cyclical fluctuations is not therefore to be expected in 1937. But there is, of course, no reason whatever to believe that there will not be major political disturbances which will falsify prophecies based only on present economic trends.

"Controversy-No. 4"

=====

ON FLUCTUATION OF WAGES

#

Rise of the Living Standard

It seems contradictory to say that the less the workers consume, the higher the profitability is for the capitalist system. The broad masses believe that higher wages increase the purchasing power of the wage earners and for this reason the capitalist system will find greater possibilities to sell its products on the market; consequently, the system as a whole can only benefit by high wages. However, to the capitalists, whose only aim is the profitability of capital, wages belong into the category of overhead expenses; every increase in wages shortens the capitalist's profit, and - at a certain point of development - becomes an obstacle to the further expansion of production.

Our opinion that the profits of the capitalists increase by the falling consumption on the part of the workers, seems to be contradicted by some empirical facts. For instance, the wages as well as the standard

of living of the working class increased tremendously during the up-swing period of capitalism. After the year 1850 capitalism developed rapidly and the working class consumed more than ever before. If one compares the conditions of the workers before 1850, as Engels has done in his "The conditions of the working class in England", with those shortly before the beginning of the present big crisis, then the great difference in the living standard for great masses of the proletariat becomes recognizable at once.

While analyzing this situation in detail, let us pay a little more attention to the close connection of industrial development and the increase in the standard of living.

When machine production began to develop, it destroyed at first the remnants of crafts, bringing to the craftsmen unemployment and pauperization. This process was followed by a consolidation of capital on a higher economic level and led anew to a rise of the living standard of the workers. This improvement occurred first in England and was followed, with similar symptoms, during the development of industries in Germany after 1800. Other countries followed along the same line somewhat later. In America this development began as late as 1890, but it took place so rapidly that the slogan could be coined 'To each worker a Ford car'. The industrial development of Russia started about 1928 and there, too, a rapid rise in the living conditions of the workers could be witnessed.

It is not difficult to see that industrial development brought about a thoro change in the economic and social relations which, simultaneously, resulted in a higher standard of living for the entire working class. It draws great sections of the agrarian population to the cities creating, at first, a shortage in housing facilities. Feverishly new living quarters are being erected and in a very short time entire new cities arise in industry centers. This, in turn, makes necessary the construction of roads, means of transportation for the workers, as well as the installation of water, gas, electric light, and other improvements. While increasing the workers' standard of living, no doubt, these facilities are at the same time necessary to guarantee a smooth functioning of modern industry. Without such comforts, the ruling class could not exploit the workers efficiently enough. Every process in the life of the workers must be made as little complicated as possible in order to increase his rentability for the capitalist.

But also in cultural fields the industrialization leads

to improvements. No industry can work profitably with people who can neither read nor write. For this very reason the industrial bourgeoisie demands better schools for the broad masses. However, the ruling class cannot avoid that a rise of the educational level of the workers leads simultaneously to a better understanding of the capitalistic relationship and enables them to conduct their economic and political struggles more effectively. Though capitalism realizes this, it is incapable of curtailing this process because foremost of all it needs that higher cultural level of the workers in order to assure a progressive industrial development.

Another important factor, responsible for a rise in the living standard of the workers, was the steadily increasing intensity of the labor process. The machine determines the tempo, and experience soon taught the capitalists that an eight hour day would be more profitable at the end to them than a twelve hour one because the workers were able, comparatively, to turn out more products in the shorter day than in the longer one. But the greater intensity of the labor process in the shorter working time destroyed simultaneously greater energies of labor power which the worker had to restore every day anew in order to keep up with the tempo. He had to spend his free time in a manner which enabled him to resume his work the next day fresh and fully rested. Capitalism thus developed a great amusement industry which, viewed superficially, enriches the life of the worker, makes life easier. Whether or not this is the case, we leave out of consideration at this point. We only point out the fact that this amusement industry was one of the results of the capitalist speed-up system.

From the aforesaid, one can easily surmise that we do not hold the opinion that the betterment of the living standard of the working class was the result of the workers' struggle against capitalism. On the contrary, we maintain that it was the result of the relationship between the productive forces within capitalism. However, it would be childish to follow that such worldwide movements like the social democratic parties, or the trade unions, were of insignificance during the upswing period of capitalism. They performed certain useful tasks, and - unaware of it - they even furthered monopolistic tendencies and methods of rationalization; but objectively speaking, we can say today that their activity did not determine the level of the workers' living standard.

The Marxian Law of Wages.

According to the Marxian law of value, rise and decline of wages is the result of a change in the value of labor power. The value of labor power, however, is not determined by a minimum of existence, as some people tried to interpret the Marxian law. The minimum of existence is nothing else but a certain amount of consumers' goods which suffices to merely keep the human being alive. The value of labor power, on the other hand, is that amount which not only produces the life necessities but also reproduces labor power in large enough quantities and qualities to carry on the labor process. It is quite conceivable that those who identify the minimum of existence with the value of labor power, or are unable to clearly differentiate between these concepts, would be inclined to see in the rise of the workers' living standard a contradiction to the Marxian theory of value. If one, however, recognizes that with increasing intensity of labor cultural enjoyment becomes a necessity for the reproduction of labor power, then all elements embodied in the concept value of labor power disappear, and with them the apparent contradictions.

But the value of labor power is not the only factor which determines the level of wages. Of quite some importance is also the relationship between demand and supply. If demand and supply balance, then the price of labor power - the wages - will be identical with the value of labor power. Such a condition, however, hardly ever occurs. Demand and supply actually reflect the up and down-periods of capitalist production. With the increase of production, the demand for laborers increases. When the demand is greater than the supply, wages rise; when the supply of labor power is greater than the demand, wages fall. In industries where the demand for laborers cannot be met, wages might rise above the value of labor power. Labor unions attempt to avoid wage fluctuations by long-term contracts with the bosses (collective bargaining). Just the same as some capitalist groups form trusts and monopolies in order to keep prices up, so do unions attempt to build up monopolies for the commodity labor power, to keep the wages for a certain group of workers high. But just as little as capitalist monopolies succeed for all times to keep prices at a certain level, just as little do unions succeed. Simple, generally known facts substantiate our assertion that whenever unions had to start new negotiations, the basis for the new contracts had to be the new relationship between demand and supply of labor power.

A typical example of the power of the economic forces is the development of wages in Russia. Russia proves that it is irrelevant whether the labor power is bought by the state or by private enterprises. We realize, of course, that the Russian wages are steadily rising and it could not be otherwise due to the fact that here also the intensity of the labor process increases, and with it the value of labor power rises. Russia today repeats, on an enlarged and somewhat modified scale, the same process other industrialized countries had to pursue. Also in Russia the great demand for industrial workers can only be met by sending into the factories peasants whose varying cultural level must lead to a differentiation of wages, which, on account of the actual need of skilled workers, is continuously increasing. These existing wage differences prove also that Russia's wage system is bound upon the laws of capitalist commodity production. According to these laws, the living standard of the Russian masses must rise; not, however, because they are building up communism in Russia, but because labor power appears as a commodity in a country developing along capitalistic lines. The workers of other capitalist countries are being misled when they are told that the rise of wages in Russia is due to communist planning.

In the already capitalized countries, the same laws have different results. Mechanization and methods of rationalization destroyed craftsmanship and skilled labor and brought about an ever sharpening tendency towards equalization of wages. The struggle of skilled and semi-skilled workers against this process of equalization was bound to end in defeat because these unionized groups had against them not only the capitalist class, but also large sections of unskilled laborers who were excluded from the unions.

Limit of Intensification

The development of capitalist commodity production in regard to the value of labor power shows several results; on the one hand it decreases and on the other hand it increases its value. Mass production which decreases the cost of production in general lowers simultaneously the value of labor power because lesser labor time is embodied in each product, resulting in a fall of prices of commodities. Methods of rationalization eliminate skilled labor and gradually do away with wage differentiations. This tendency, however, is not easily recognizable during the up-swing period of capitalism because it is overshadowed by the rising standard of living resulting from the higher intensity of the labor process. But also intensity has a limit, and many industries have already reached it. Everyone

who ever worked under the present speed-up methods knows that no worker could toil 12 or 14 hours daily anymore, and in some industries even the 8 hour day has already become too long. This is illustrated by the fact that the 40 year age limit is rapidly being established. Such measures are just as harmful for capitalism as they are for the working class because in a crisis it will be much more difficult to find a new basis for profits; it is a situation that tends to lengthen the crisis and to shorten the period of a new prosperity. For the working class it simply means that a further rise of the living standard becomes impossible. For a while wages will stagnate until a point is reached where the downward trend becomes absolute. The old labor movement, whose policy it is to fight for better living standards for the masses, is bound to suffer defeat after defeat, and due to this ineffectiveness heads towards a complete breakdown. It would be erroneous to find the explanation in the unions' numerical weakness, or in their non-revolutionary activity, but it is the economic laws of motion that dominate every phase in society, especially in regard to the value of labor power. Were the unions in a position to monopolize the price of labor power, they might be capable of increasing it temporarily above its value. However, this has already become an impossibility on account of the steadily growing army of unemployed. With this, the old labor movement has lost its ground. It continues to live on its past success. A revival of that activity is an economic impossibility. The old labor movement is doomed and must make room for new forms of organization.

- - = - -

N O T E:

The COUNCIL CORRESPONDENCE often accepts articles from writers who are not affiliated with the Groups of Council Communists.

These articles are signed to denote that we do not necessarily endorse the view of the writer entirely. All material presented without signature is to be considered as the collective work of the members of the Groups of Council Communists. We will appreciate suggestions, criticism and articles.

INTERNATIONAL COUNCIL CORRESPONDENCE

For Theory and Discussion

CONTENTS:

The Brownshirts of Zionism!

- *CHILD LABOR - A Class Issue*
- *Wages and Prices*
- *Shop Delegates in France*
- *Notes on Productivity and Profits*

TROTSKY and Proletarian Dictatorship

Vol. III

No. 4

APRIL 1937

YEARLY

FOR A COPY