

SOCIALIST WORKERS PARTY  
1702 E. 4th ST., L.A.  
ANgelus 9-4953

21000 HOLLY ST.  
8026 SEVILLE AVE.  
SOUTH GATE, CALIF.

# YOUR STANDARD OF LIVING...

WHAT'S HAPPENING TO IT?



by C. Charles

Printed for the  
SOCIALIST WORKERS PARTY  
by the  
**PIONEER PUBLISHERS**  
**116 University Place      New York, N. Y.**  
March, 1943

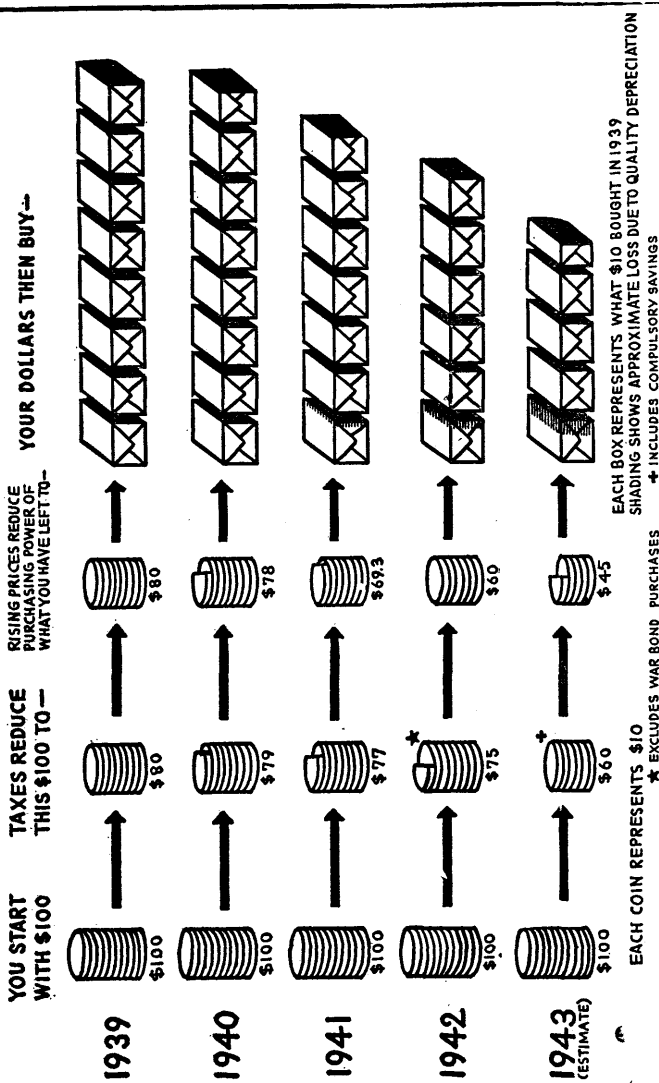
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# **Your Standard of Living—**

**What's Happening to It?**

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# YOUR DOLLARS AND WHAT THEY BUY



The above chart, prepared by the Consumers' Union, shows the falling purchasing power of your wage-dollar for the past three years as a result of rising prices and increased taxes. The 1942 figures are based on the most recent government reports. The estimate for 1943 is based on the best available information.

## Foreword

The workers' standard of living is under attack on three fronts: frozen wages, soaring prices, scarcity of food, and mounting taxes.

What is taking place, why it is taking place, and what the workers by organized action can do to protect their living standards is the subject of this pamphlet, issued by the Socialist Workers Party.

The aim of the Socialist Workers Party is the abolition of the capitalist ownership of the means of production and the establishment of a workers' and farmers' government whose task will be the replacement of capitalism by the social ownership of the means of production and distribution.

The present system of society, where the means of production and distribution are owned by a very small minority of the population, is an obstacle in the way toward the economic well-being of the vast majority. Capitalism is the root cause of economic depressions, imperialist wars, racial and religious oppression and fascism.

While constantly advancing its complete socialist program, the Socialist Workers Party also presents to the workers the means of solving all the current problems which face them.

Such a problem is the one discussed in this pamphlet.

# Your Standard of Living—

## Broken Promises

Scarcity and rising prices come together.

The law of supply and demand is in full operation. As supplies of food diminish, their prices tend to go up. As prices go up, wages can buy less. The workers' real wage—the amount of food, clothing, and shelter his money wages can buy—shrinks.

The workers are prevented from meeting the increased cost of living by receiving higher wages by a War Labor Board (WLB) decision which virtually makes unlawful any wage increases, outside of minor exceptions.

The WLB acted according to the "directive" given to it by Congress and the President. On November 6, 1942, the WLB formally decreed "if a group of employes has received increases amounting to 15 per cent in the average straight time-rates over the level prevailing on Jan. 1, 1941, the board will grant no further increases. . . ."

For many months prior to its formal adoption this stand, called the "Little Steel formula," had guided the wage policy of the WLB. Its central idea is that the cost of living had increased 15% between January 1, 1941 and May 1942. Hence, workers' wages would be allowed to reach a point 15% higher than the level of Jan. 1, 1941, and no more.

The workers were assured that while there would be no wage raises, neither would there be any increase in the cost of living. Ceilings were placed on the price of food, rent, and clothing.

Only the first part of this promise has been kept: there have been very few and very small wage increases. On Feb. 9, 1943, the WLB denied a wage raise to 180,000 packing house workers, refusing to modify the "Little Steel formula."

The second part of the promise has been broken. Prices continue to soar. From May 15, 1942 to December 15, 1942, prices have

increased, according to the government Bureau of Labor Statistics figures, by over 4%. Food prices, the Bureau of Labor Statistics admits, have jumped 9%. *And the cost of living continues to mount.*

But these government figures are extremely misleading. They pretend that the prices fixed by law are the prices charged the consumers. Every working-class housewife knows this is far from the truth. Meat, butter, eggs, rent and other prices are often far above the legal limits, as we shall show. For this reason the cost of living has gone up much more than government figures indicate.

To the degree that prices have gone up, the workers have received a wage cut.

Besides this wage cut, the tax program has eaten deeply into the workers' wages. The increased taxes are another slashing wage cut for the workers.

## How Food Prices Rise

There are two ways in which price rises take place: legally and illegally (the "black market"). We will first take up the *legal* increase in the prices of necessities, primarily food, which is the main item in the workers' cost of living.

The government, through the Office of Price Administration (OPA), has followed the general policy of surrendering to the capitalists, whenever the latter demand increased prices.

This is how it works.

The price of raw material rises. The food manufacturer has to pay higher prices for farm products. His selling price for the finished article is fixed by law. If he sold the article at the legal price and paid more for the farm products, his profits would suffer.

But the capitalist considers his profit a holy of holies. And this point of view is completely shared by the government. The manufacturer, claiming his profits are being "squeezed," demands and receives from the government permission to charge higher prices to the wholesaler. He passes the "squeeze" on. In this way, he protects his profits.

The wholesaler, too, claims a right to a full measure of profits. If he sold goods to the retailer at the same price as before while paying the manufacturer higher prices, the wholesaler's profit would diminish. The wholesaler asks authorization from the OPA, and gets sanction to charge higher prices to the retailer. The "squeeze" is passed on to the retailer.

But the retailer claims that his profits would decrease if he charged the same prices for the product while paying higher prices

for it to the wholesaler. Therefore he is granted the right to pass the "squeeze" on to the consumer, in the form of higher prices.

The overwhelming majority of consumers are workers.

The worker-consumer cannot pass the "squeeze" on. He cannot secure higher wages because the law fixes his wages as in a vise. Profits are holy, but wages are not. They remain on the same level, while prices skyrocket.

Thus, the workers are maintaining the profits of the capitalist class at their present peaks by the lowered standards of living of themselves and their families.

## Profits or Hunger

When a group of workers, who see their living standards being destroyed by higher prices and increased taxes, walk out on strike, the capitalists and their kept press howl in fury. The government threatens. The capitalists try to whip up a lynch spirit against the workers by hypocritically asserting that the men in Guadalcanal and Tunisia are being stabbed in the back by these strikes.\*

But when a number of capitalists plot to refuse to sell food, and threaten to let the food rot on the ground, unless their demands for higher prices and profits are granted, the situation is quite different. Then the capitalist press does not howl, the capitalists are not accused of being agents of the Nazis and Japanese, no one charges them with stabbing the soldiers in the back, they continue to be respected members of the best clubs and patriotic societies.

Far from threatening them, the government yields to these capitalists without a fight and authorizes the capitalists to raise prices.

## Bread—A Symbol

Bread, the "staff of life," has become a symbol of how the capitalists use the weapon of deliberate starvation of the masses to get the amount of profits they think they should get.

On Dec. 17, 1942, the *New York Times* reported:

The country faces a bread shortage within thirty to sixty days unless the ceiling price on flour is raised, a delegation of Kansas Congressmen told Secretary Wickard [head of the Food Administration]. . . .

The delegation asked Mr. Wickard to request the Price Administrator, Leon Henderson, to increase the price of flour by 58

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\*It must be pointed out that the workers in fighting to defend the standards of living won by so much sacrifice and struggle on picket lines are fighting not only for themselves but also for their fellow workers who are in the Army, so that upon their return the workers now in uniform will find awaiting them as good a standard of wages and hours as possible.



cents a barrel because recent increase in wheat prices made it impossible for the millers to operate under flour ceilings fixed by the OPA.

The millers were successful. The price of flour was increased. But then the flour wholesalers demanded a price increase so that their profits could be maintained. They went to the extent of actually refusing to sell flour and for several days did not sell any to the bakers. Finally the OPA raised the white flag. On Jan. 21, 1942 the following item appeared in the *New York Times*:

Flour brokers of the metropolitan area have received temporary relief from OPA regulations *which induced them last week to suspend distribution of flour to retail bakers*, it was announced yesterday by the New York Association of Flour Distributors. As a result, deliveries of flour have been resumed pending the completion of negotiations for permanent relief. [Our emphasis.]

The next step was the bakers. They too demanded an increase in the price of bread and bakery goods to cover the increased costs of flour. They were granted the right to raise the price of bread and bakery goods to the consumer.

The increase in the price of bread did not take place openly and directly, but in a hidden manner. The baker was told that he could cut the amount of sugar, milk and shortening used in baking, without reducing the price. The loaf of bread costs as much as before, but represents less food value, is less nutritious.

But even this does not satisfy the bakers. The head of the Ward Baking Company declared on Feb. 10, 1943:

An entirely new and added cost factor has arisen with the fixing by the government of ceiling prices for flour at levels far above those flour costs on which the company carried on its bread production in 1942. It is clear to those in the industry that price relief will be necessary and should not be unduly delayed.

What is noteworthy is that this terse demand asking price increases for bakery products, without undue delay, was part of a statement by the Ward Baking Company announcing an increase of their profits by 823% between 1941 and 1942. The company has grossed \$1,241,333 in 1942 profits, after all taxes were paid, as compared with \$150,821 in 1941.

## Food Will Rot in the Fields—Unless . . .

In August 1942 the OPA permitted rises in the ceiling prices of some 400 to 500 food items.

These price increases resulted from the demands of the food manufacturers, organized in the Grocery Manufacturers of America. This powerful group is headed by Paul S. Willis.

How the price rise was granted, the pressure used by the food

capitalists, the lengths to which they were prepared to go, were all frankly stated by Mr. Willis at the time the price rise was announced by the OPA. He said:

OPA now appears anxious to provide a practical and permanent solution to the food industry's problem and I feel now that the decision, when announced, will meet the necessities of the situation. Time is of the essence, however, and the *formula will only have value if it comes in time to permit harvesting of the ripening crops.*

There are several reasons why we should accept in good faith that the promise of relief which Mr. Henderson has offered us will provide a practical solution to the industry's problem. In the first place, *unless fruit and vegetable crops are harvested now they will rot in the field and the public will demand to know why they were not saved.* Second, the plan contemplated by OPA, as I understand it, is patterned after the urgent suggestions which the food industry repeatedly made to the agency during the last months.

*Under such circumstances the industry should respond immediately by placing orders with canners for reasonable quantities of goods.* [Our emphasis.]

Willis then went on to assert that the price rise should not be construed as a piercing of the price ceiling but as a "long overdue adjustment of the ceilings which have been out of balance with replacement cost."

Mr. Willis calls it "an adjustment." The name given it is unimportant. A price rise by any other name means as much hardship to the consumer.

All food capitalists were not quite so squeamish about what the rise in prices is called as is Mr. Willis, for the *New York Times* reported:

Other food traders, however, appeared unconcerned with whether the alternative pricing method would be considered a break through of the General Maximum Price Regulation so long as it would permit them to resume operations with a normal profit. [August 16, 1942.]

Study of Mr. Willis' statement will reveal how the food capitalists operate to secure increased prices and profits.

1. The food capitalists peremptorily demanded not only action, but *quick* action by the OPA in acceding to the demand for higher prices. This can be seen when Willis threatens: the "formula will have value only if it comes in time to permit the harvesting of the ripening crops."

2. If the OPA did not give in to the demands of the industry owners, the latter were prepared to starve the people in the hope that the resultant tumultuous protests of hungry people would force the government to agree to the price rise. This is revealed by Willis'

own words when he says "unless fruit and vegetable crops are harvested now they will rot in the field and the public will demand to know why they were not saved." The crops would not be picked, according to this threat, unless the bosses would be permitted to get "relief" in the form of the right to charge higher prices for food.

3. The food manufacturers had begun to *act*. They had stopped the distribution of grocery goods in their efforts to secure their demanded higher prices. Grocery shelves were gradually emptying. The granting of the price rises by the OPA was the signal for the conspiracy to end. This becomes apparent when Willis says "the industry should immediately respond by placing orders with canners for reasonable quantities of canned goods."

4. The OPA, far from exposing and fighting the food capitalists' criminal activities and threats, completely and meekly surrendered to them without resistance. This is shown by Mr. Willis' statement that "The plan contemplated by OPA, as I understand it, is patterned after the urgent suggestions which the food industry repeatedly made to the agency [the OPA] during the last few months." The capitalists had won a decisive victory; the OPA had surrendered unconditionally by accepting the terms of the food manufacturers.

The capitalists speak sharply to the OPA, as a master to a servant. The government obeys obsequiously as a servant heeds a master. To the workers, the government acts and speaks in an opposite way, as can be seen in their brusque refusal to grant the packing house workers' request for wage increases.

We have given the examples of bakery and cannery goods because they so clearly reveal what is taking place as prices rise. We also cited the case of the Grocery Manufacturers because of the importance of this organization. Both of these specific instances expose the general relations between the bosses and the OPA and other government bureaus. What has happened as regards bakery products and cannery goods is also true about an increasing number of foods.

Our profits are first and foremost, and we are prepared to create hunger in order to assure them—this is the capitalists' creed.

## Hidden Price Rises

Besides the open price increases, there are numerous ways in which the capitalists increase their prices and evade the ceilings in an underhanded fashion.

The main form of hidden price rises is quality deterioration. While there is no increase in the price, the article is of a poorer quality than before. We have already mentioned the case of bread.

There are many other such examples. You buy meat now and have to pay for those bones and fat which were previously trimmed away.

A variation on quality deterioration is "upgrading": the selling of an article of a certain quality at the price of a better quality product, and thereby evading the price law. The working-class housewife has to pay Grade A prices for Grade B meat.

Recently a prominent canning company placed a new "improved" soup on the market. The improved variety cost three cents a can more than the unimproved type. However, the only change in the can of soup was the label on it. It had the word "improved" in big letters printed across it. And that was the only place any improvement could be noted.

A third way by which the manufacturers raise prices is by dropping cheaper lines of products and selling only more costly ones. The consumer is left no alternative but to buy higher-priced items. And if the higher-priced items have only a fake improvement in quality, this shutting off of the supplies of "lower quality" goods will result in substantial additional profits.

A housewife in Newark reports a typical example of a hidden price rise:

A couple of weeks ago I went to the butcher and ordered a quarter of a pound of ham. The butcher sliced it and gave it to me and then he asked me for 17c—2c more than I had paid for it the week previous. "But there's a ceiling on boiled ham," I said, "and I only paid 15c for it last week." "My dear young lady," the butcher's voice showed his disgust, "this is *extra special* ham. Cherry-pineapple ham," he said showing me the ham with a very tiny piece of dried cherry and pineapple on top of it, "this is the only boiled ham I can get and they charge me 8c a pound more than the ceiling price for it." "Cherry-pineapple ham," I heard him mutter as I left.

There are numerous other methods by which hidden food price increases are extorted. Disguised price rises are as real and as harmful to the workers' standard of living as the more open and frank increases.

## Wages, Profits and Prices

The capitalists try to incite the farmers and the middle class against the workers by blaming the workers' allegedly high wages for the increase in prices that have been taking place.

President Roosevelt joins the chorus of those who accuse workers' wages of being the cause of the rise in prices. On Labor Day, 1942, he said:

Our entire effort to hold the cost of living at its present level is being sapped and undermined by further increases in farm prices and wages.

These are merely brazen attempts to divert attention away from the real cause for increased prices in these exceptional conditions of scarcity: prices are rising because the owners of the means of production and distribution, the capitalists, are trying to maintain and increase their profits.

The latest government figures for wages and profits in the food industry are for 1939. Although these figures are about four years old, the approximate proportion between what the workers get and what goes to the bosses is the same now as in 1939.

The United States census figures take the food processing industry as a whole. The only important processed food excluded is bulk milk. Included are meat packing and meat products, poultry, dairy products (except bulk milk but inclusive of canned and evaporated milk, cheese, butter, ice cream, etc.), canned and preserved foods of all kinds, grain products, bakery products, confections, alcoholic and non-alcoholic beverages, breakfast foods, etc.

The government figures show that the value of products produced by these industries equalled \$10,618,126,000. The cost of raw materials, purchased energy and contract work equalled \$7,062,039,000. The "value added by manufacture" (by labor) totalled \$3,555,987,000. But workers' wages, the workers' share of what they produced, was only \$913,985,000, or about one-quarter of the value added by manufacture. (Average wages were about \$21.30 a week.)

*For every dollar the food worker received in wages, he produced nearly three dollars for the capitalists.*

The capitalists get the lion's share of the product of labor's toil. They get it in the form of profits, in interest, in high salaries for corporation officials. Besides, expensive advertising and high pressure sales campaigns and other wastes of capitalism account for large amounts of what the workers produce, but do not receive.

The workers' wage is the least important item in the cost of food. By far the most important factor is the share of the capitalists.

The capitalists' propaganda campaign against wages is an attempt to hide their own exploitation of labor and their resultant profits.

No farmer, no member of the middle class and no worker should allow himself to be fooled.

Wages must go up at least to meet the increased cost of living. This increase must be taken out of the swollen profits of the capitalist class. The capitalists must not be permitted to increase prices. Profits must go down, not prices up.

## Capitalists, Farmers and Workers

The same capitalists who attempt to provoke the farmers against the workers turn around and attempt to create a feeling of antagonism among the workers against the farmers.

The capitalists do so by telling the workers that it is the farmers, by their demands for higher prices for farm products, that cause the prices of food to leap.

Again, what are the facts? They are just the contrary of what the capitalists want the workers to believe.

Of the money spent on food by the consumer, only a small part reaches the working farmer.

For example: A farmer receives \$2.25 for a 60 pound bushel of sweet potatoes. The working-class housewife has to pay \$5.10 for a bushel.

Farmers in the State of Washington receive  $\frac{3}{4}$  of a cent a pound for onions, but when the consumer in the East purchases Washington onions he pays 5 cents a pound.

On the average, only about 50 cents out of every dollar spent by the consumer on food reaches the farmer. The other 50 cents is taken by the railroads, processors, wholesalers, retailers and speculators.

The great mass of working farmers keep but a small part of the fifty cents of every consumer dollar: they have to pay rent to the landlord, interest on mortgages to the bank, and monopoly prices for the farm equipment they buy.

The farmers, far from being a unified group, are divided into numerous layers. On top are the large farm factories and the business farms, and then, below this small minority of farmers the groupings become larger and poorer: family sized farms, mortgaged farms, tenant farms and sharecroppers.

Those farmers who produced goods to the value of \$10,000 or more per year amounted to approximately 1.3% of all farms. In the year 1939, such farms accounted for \$2,136,093,905 income for farm products. Farms whose total income was below \$750 a year were 63.3% of the total number of farms. Yet this overwhelmingly larger group of farmers produced a total of \$1,988,213,283 of farm products, far less than produced by the tiny minority of 1.3% which makes up the rich farmer class. The ratio between the large "business" farmers and the great mass of toiling farmers is much the same today as it was in 1939.

For the small minority of rich farmers, who control the anti-labor farm organizations such as the Farm Bureau and Grange, no worker should feel anything but hostility. They are part of the

capitalist class.

Toward the great mass of working farmers the workers should feel close sympathy. The workers must support the demands of these working farmers for higher standards of living, for lower interest rates and lower rentals.

These economic advances of the toiling farmers must come out of the profits of the capitalists, which are more than ample to support an improved standard of living for the working farmers.

The cunning propaganda of the capitalist class aims at creating discord between the wage workers and the toiling farmers. Both wage workers and working farmers, far from permitting themselves to be duped by the capitalists' propaganda, must present a united front against the capitalist class for a higher standard of living for both.

### Record Profits

Judging by the complaints that come out of the offices of the large food corporations about their profits being in dire danger, one would assume that these firms face immediate bankruptcy and that their owners are ready to move to the poor house or take their place on the soup lines.

Nothing could be further from the truth.

The capitalists as a whole are doing very well indeed, in spite of the price ceiling. On Jan. 12, 1943, a representative of the OPA, J. Kenneth Galbraith, said that 1942 profits

will be higher than in 1941 and they promise to be some 200 per cent over 1939. As yet there are no good estimates of profits as a per cent of sales, but indications are that those too will be higher. Controlled prices are yielding a better return than the uncontrolled prices of the market.

The food corporations are sharing in the boom profits of the entire capitalist class. The financial records of 60 of the largest food manufacturing and selling concerns of the United States show that these corporations are experiencing years of unequalled lush profits.

The records show the following profits (after all taxation is paid) of these 60 major corporations for the recent years. Note how the profits are increasing:\*

1937 .....	\$154,055,919	1940 .....	168,818,608
1938 .....	117,401,202	1941 .....	187,795,821
1939 .....	149,738,598		

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\*These figures reveal only a small part of total profits, showing only that part of the profits available for dividends to common share owners. Before the common share holders receive a cent, the bond holders, the corporation officials, etc., get theirs.

In both the years 1940 and 1941 profits were higher than in the prosperous year 1937.

Although at the time of writing the profit figures for 1942 are just starting to come in, the data already at hand show that 1942 will be as prosperous for the coupon clippers as 1940, which was a very good year—and possibly will even equal the record year 1941.

Probably never before has the food industry been as prosperous as it is today, profits as high. However, the capitalists who own these industries are not satisfied.

They plot to increase their already colossal profits by increasing the price of the food the workers eat. Thus, they scheme, the workers and their children will go without food and other necessities so that the coupon-clippers can increase their wealth.

This will take place unless the workers act.

## Parasite No. 1

Capitalist economy is marked by parasites and wastes.

Parasite No. 1 is the capitalist class itself.

The capitalists solemnly proclaim that society could not exist without them. They claim, and want the workers to believe, that their profits are the first and paramount concern of all society, and that the factories and farms cannot function unless the capitalists get their profits. These ideas are also held by the government and motivate the government's laws, decrees and actions.

The assertion that the capitalists are essential to the well-being of society, advanced by the capitalists, their press, politicians and economists, ranks among the greatest lies and misconceptions in the history of the world.

The capitalists produce nothing of any value at all. An infinitesimal minority of the population, they consume a large part of the wealth which the really essential classes, the workers of hand and brain and the toiling farmers, produce.

Mankind could not only manage to get along without the capitalists, but once freed from capitalism, society would be able to rapidly advance, not only economically, but also culturally.

The workers must learn to scorn the capitalist argument. The capitalists have no right to demand even the slightest lowering in the workers' standards of living under the plea that profits are first and basic. The fact that the capitalists will have to curtail some luxury if the workers receive an increase in wages, or the farmers more income, is absolutely of no concern to the workers or toiling farmers.



## The Wastes of Capitalism

But there are other wastes as well, which consume labor and raw materials.

There are the wastes of capitalist competition, in which large amounts of money are spent on expensive advertising campaigns, high pressure salesmanship and duplication of effort.

A common example of the waste of duplicated effort is the well-known one of milk deliveries. In many cities there are numerous dairies, each serving the same area, each traveling over the same route, each burning up gasoline and using labor to make deliveries. One dairy, under a planned workers' and farmers' economy, could do the work of many.

What is true about this one industry is as true about others as well.

Yet the capitalists attempt to cut the workers' wages and raise prices, rather than eliminate these wastes, for waste and parasites are a necessary part of capitalism.

## Shortages

If you are a working-class housewife or a worker and live in almost any important city or town in the United States you know, through bitter experience, that many foods are becoming scarcer each day. As a matter of fact, some food you cannot get at all for long periods of time.

Beef has become a luxury food for millions of workers' families. The same is true of pork, ham, and bacon as well as other meats.

In numerous cities, eggs, butter, and dairy products are becoming rare. Many kinds of canned foods are unavailable.

But if you went over to the wealthier sections of town and looked into the expensive restaurants, night clubs and hotels, you would see that in these places there is no shortage. The finest cuts of meat, plenty of butter, of eggs, of all the "scarce" foods, are being lavishly served.

But what worker can afford to pay the high prices charged at such dining places?

Very often, when the stores in the working-class neighborhoods are completely empty of the above mentioned and other foods, they are available in the grocery stores and butcher shops which cater to the rich.

The prices in these stores are higher, prohibitive to workers, but the food is there.

In brief, this is the food situation at the present time: there are shortages, but they strike mainly at the workers; the wealthy

are making sure that their stomachs are filled with calories and vitamins eaten in the form of the best foods of the highest quality.

This is how the "equality of sacrifice" is working out in reality.

## What Causes Food Shortages?

The food shortage, we are told by the capitalists, their newspapers and their politicians, is caused by the war. This is true—to a certain extent. But it is not the whole truth, and a part truth is the worst kind of lie.

The truth is that the shortage of food available for workers is being deliberately made worse by certain capitalists in order to get extra profits.

Profits, not the need of the masses, determines the allocation of food.

The food capitalists sell the food at the highest prices they can get. The wealthy can pay higher prices than the workers, thus get the food they need. Only what is left, if any, reaches the workers.

The present system of price ceilings works to cut the supply of food available to the workers, to assure the wealthy plenty of food, and to enrich the food manufacturers, wholesalers, and retailers.

Price ceilings were set on nearly all foods, as well as other items, on May 15 and Oct. 5, 1942.

The price ceilings of May prohibited the charging of prices on any article higher than the highest price charged in a particular store in the month of March 1942. On Oct. 5, 1942, practically all other goods were placed under ceilings which set as legal maximums the highest prices charged in the period between Jan. 1 and Sept. 15, 1942.

Each store has its own ceiling on every item sold. The ceilings are different for different stores.

Generally the stores in the sections of town where the rich live charged higher prices during the base periods than charged in the stores which sell to workers.

The manufacturer and wholesaler can make more profits by selling to the higher price stores than by selling to the stores patronized by workers. Therefore, the stores in the wealthier sections and the luxurious eating places get as much food as they need, with only the leavings to trickle down to the workers.

This is true from one corner of the country to the other. In San Francisco, the conservative Butchers' Union of the three West Coast states met on Jan. 10, 1943, to discuss the acute meat situation. At this meeting the delegate from Southern California

accused these packers [Swift, Cudahy, Armour and Wilson, the largest meat packing houses in the nation] of ignoring the retail

butchers and selling their produce to the hotels and restaurants, who are willing to buy meat at any price. [*San Francisco Chronicle*, Jan. 11.]

On the other coast, in New York, where the meat situation is as acute as in San Francisco, the small meat dealers' organization openly charges that the major packers

have made available to the consuming public here only such supplies of meat as they have been able to sell directly, through their own outlets, to hotel supply houses, hotels, restaurants and a select retail trade of their own choosing. [*New York Times*, Jan. 17, 1943.]

The market reserved by the "major packers" are those in which legal prices are higher and profits greater.

A new system of price ceilings on food is soon to be inaugurated. The new law divides the country into a number of zones. The stores within each zone are divided into three categories and all stores in the same category will have the same price ceiling.

The three categories of stores will be: 1) the small independent retailer; 2) the chain store, and 3) the super-market.

The present system of different price maximums for different stores will therefore be abolished.

This will only better the situation very little for it does not deal with the growing menace of the "black market."

## The "Black Market"

Wherever price ceilings and rationing are the law, there has likewise appeared a flourishing "black market." Germany, Italy, Japan, France and Great Britain all have their "black markets."

The working-class housewife in these countries has to stand in line for hours in all kinds of weather, hoping to be able to buy something for the family to eat. Often her hopes are disappointed. However, if she knows where to go and is able to pay the "black market" price she could buy the food that cannot be secured in the store.

But it is precisely the workers who do not have the price, while the wealthy are able to purchase from the "black market" not only the necessities of life, but even epicurean delights. That is the "black market" in all its ugliness.

In Great Britain, where the masses are on the strictest and most meager rations, those who can pay about £1 (\$4) can buy a very satisfactory meal. In Germany, the prices on the "black market" are fantastic: butter \$4.20 a pound, meat \$2.20 a pound, coffee \$5.50 a pound, goose \$22 a pound and chicken \$8.20 a pound.

The "black market" has made its appearance in the United States.

It takes many forms.

In almost any city of this country, the ceiling prices for meat, eggs and dairy goods are openly flouted.

And the butcher or grocer isn't the only one to blame. He can get his goods only by paying the wholesaler a premium, and the wholesaler has to pay a premium to the packer or manufacturer.

Butchers and retailers who refuse to pay a premium are forced to go out of business.

An interesting trick was revealed by a Chicago butcher who, for obvious reasons, is unnamed. He reports:

For example, I buy 1,000 pounds of pork loin. To get it, I pay the exact ceiling price. And that is what shows on my receipt. But on the following day, I return to the place. Folded small in my hand I have a \$10, \$20 or perhaps, a \$50 bill, representing a payment of one to five cents on each of those 1,000 pounds.

I indicate a barrel containing pork loins, I say aloud, "These are good loins," then drop the money into the barrel and pass on. My remark is the signal to the man who sold me the meat. He reaches into the barrel, palms the money and drops it into his pocket.

Naturally, I add these extra pennies to my price. . . . [*Chicago Times*, Jan. 16.]

This dealer said he had canvassed scores of butchers and found not one who wasn't paying cash tribute for the privilege of buying meat.

Ultimately, the worker-consumers' living standards are forced down by the "black market" prices. The capitalists are able to pocket large sums of money in the form of secret profits.

The "black market" threatens every worker and his family. It must be ended.

The government is conducting a campaign against the "black market" at present, centering its attention on the illegal trade in meat.

But as we shall show, this campaign conducted by the small OPA staff, with its ideas of the holiness and untouchability of capitalist profits, with its fear of the corporations, will not and cannot halt the "black market."

To fight against price increases, both legal and illegal ("black market") other means, other people, more people, with different ideas are needed.

## Rationing

Rationing of 200 food items, including most types of canned, frozen, dried and glassed fruits, vegetables and soups began Mar. 1. These canned foods have been added to the list of already rationed articles.

The announced ration set-up is supposed to be the answer to the shortage of goods by assuring the equitable distribution of these foods.

But when we examine the announced ration plans for canned goods, we see that these plans are as full of holes as a Swiss cheese. These loopholes will enable the wealthy to evade the ration restrictions and guarantee the rich plenty to eat, while the workers will have to do without basic foods.

The first source of rationed food available to the wealthy will be the "black market." The "black market" will continue to do a rushing business, supplying those who can afford to pay its prices with goods which the general public will not be able to buy.

However, the capitalists will not even have to break the law in order to get all the food they need. Some of the loopholes in the law itself are:

1. Those eating in public dining places such as restaurants, hotels and clubs will not have to give up their ration coupons.
2. Purchases of candied fruits, fruit puddings, frozen foods and vegetables, jams, jellies, preserves, paste products, vegetable juices and certain other foods, packed in containers of ten pounds or one gallon, or more, do not come under ration restrictions. Many of these unrationed foods are luxury items, it should be noted. These delicacies, consumed by the rich, require many men and much machinery for their production. In the meantime the shortage of the foods used by the masses grows more intense.
3. The very wealthy often have farms as "hobbies." These gentleman farmers and their friends can get food from these farms. Food secured from these sources are also not rationed.

Workers cannot often dine out, particularly in those eating places where there will be plenty of food (at fancy prices), they generally cannot afford to buy luxury foods, and certainly not in large quantities; and none of them are "gentleman farmers." The workers will have to use up their ration coupons to get whatever food is available.

Meat, dairy products and other foods are to be rationed soon. It is expected that the method of rationing the latter will be similar to that for canned goods. Therefore, it can be anticipated that there will be the same avenues of escape for the wealthy as regards the rationing of meat and dairy products as are apparent in regard to the known ration plans for canned goods. The full brunt of the shortages will continue to fall on the masses.

Like price control, rationing is made necessary by the war. But the rationing too must be based on different ideas, carried out by differ-

ent people, with different aims, from the present ration organization. This, too, we will take up later.

## Soaring Taxes

Taxes have been tearing increasingly larger holes out of the workers' living standards.

The last Congress passed the greatest tax bill on workers' income in the history of the country.

Income taxes start at \$12 a week for single persons and \$23 for married couples.

A Victory Tax of nearly 5% on all wages over \$12 a week is taken out of the pay envelope before the worker receives it.

Sales taxes on numerous items consumed by workers have been increased and new sales taxes have been imposed on commodities previously untaxed.

While unleashing these attacks on the workers' wages, Congress follows a policy of favoring the rich. The capitalist class was well satisfied with the tax program. A very conservative capitalist weekly, the *United States News* of Oct. 30, 1942 congratulated the capitalist class at the result of the tax bill. Speaking of the recently passed 1942 tax program, this magazine said:

With refund, net profits of all corporations after taxes will be about five percent under 1941; they will be nearly 25 percent above 1940. This is a very favorable picture.

And this is just the beginning. The present Congress will increase the rate of taxation on the workers and on low incomes, while striving to ease the taxes on the wealthy. Already, congressional committees in charge of taxation are deliberating on new income taxes for the workers, considering a proposal for a 15% payroll tax, increased and new sales taxes, and other forms of taxation.

In glaring contrast to their attitude toward the lower income bracket groups, is the position of these committees toward the wealthy.

On Feb. 13, 1943, the House Ways and Means Committee, which deals with tax matters, voted to repeal the \$25,000 salary limitation decreed by President Roosevelt.

This salary limit was a very mild restraint on the greed for profits of the capitalists. Its effect upon the capitalists was extremely slight. It curbed only the income derived from "salaries," leaving the sky the limit for profits, dividends, interest, rent and other forms of capitalist revenue.

The main aim of this salary limit was a psychological one—it was hoped that such a top on salaries would convince the workers that they are not the only ones to suffer and sacrifice. After all,

the worker, heavily taxed and harassed by increased prices, was to be told: "Even the wealthy sacrifice—they have to get along on only \$25,000 a year!" (Besides profits, rents, interest, etc.!)

But even this unimportant and mainly symbolic restriction irritated the capitalist class, and the House Committee repealed the salary limitation by the vote of both Republicans and Democrats.

The two capitalist parties, the Republican and Democrat, vie with one another to favor the rich and soak the poor.

When Congress passed the tax bill on the workers' income they claimed that, while it would undoubtedly mean hardships on low income families and individuals, it would act to keep prices from rising.

Just as in the case of wage "stabilization," when the capitalist politicians and statesmen said that wage freezing would result in keeping prices down, so in the case of taxes, this argument for the tax program has been proven a cruel fraud.

Taxes went up to record heights—but so did prices.

The workers are first hit by increased taxes and then by increased prices.

## The End of the Food Stamp Plan

The constantly increasing prices, the "black market," and the present system of food rationing strike particularly vicious blows at the poorest and lowest paid of the workers.

An additional staggering assault upon these workers was the action of Secretary of Agriculture Claude Wickard in ordering the termination of the food stamp plan on Mar. 1, 1943.

This plan helped low income families and those on relief to improve their diet at low costs by giving them food stamps. The recipients of the stamps were able to secure without cost certain foods, classified as "surplus."

It is estimated that 2 million families, or between 8 and 10 million individuals, were aided by the stamp plan. These millions are unemployable or those who receive the most miserable of wages.

It is precisely this group which can least afford to pay increased prices.

## The OPA Has Failed

The Office of Price Administration was created to control prices and enforce price ceilings.

**It has failed on both fields.**

It has not been able to enforce price ceilings. Price ceilings are

openly disregarded on all sides. The OPA itself is forced to admit this fact, which every consumer knows.

In Oct. 1942, the OPA inspected 10,000 stores. The then head of the OPA, Leon Henderson, had to admit that the majority of these stores were violating the price law either by simple overcharging, by reductions in quality of goods sold, or by other methods.

Later investigations show that in some regions as much as 100% of the stores questioned break the price law.

The OPA has not been able to keep prices from rising.

We have shown how prices mount skyward. They will continue going up.

When Prentiss Brown assumed office as head of the OPA, replacing Leon Henderson, he admitted that prices would continue to rise by—he said—one-half of one per cent a month. As a matter of fact, prices will rise much more than that. But the important thing to note is that the head of the OPA confessed his inability to keep prices down. Just as the capitalists, Prentiss Brown blames the “inevitable” price rise on the allegedly high wages and increased costs of production. He said not a word about the profit of the capitalist class.

The OPA cannot succeed because its staff is too small, and more important, the policies and principles of the OPA work against its being able to keep prices from continuously going up.

In order to police prices and fight the “black market,” the OPA has about one person in every county of the country. The mammoth task of watching prices and enforcing the price law cannot be accomplished by such a puny group.

But even if there were a much larger group the OPA could not keep prices down because its principles and methods work against this aim.

The OPA follows the course of increasing prices whenever the owners of industry argue that their profits would suffer without a price increase. The OPA agrees with the capitalist principle as to the sacred nature of profits.

The fact that the workers' standards of living would suffer if prices go up does not greatly affect the OPA.

The OPA has not and will not fight Big Business. It will continue to follow the policy of surrendering to Big Business because along with the capitalists, it thinks that profits are necessary. It will act to protect the profits of the capitalists.

This means price increases, inevitably.

Price control is necessary. No one can dispute that. But price control must be carried out with other people than those in the OPA, with other ideas, other aims, other methods—people who will



fight against the constant pressure of the capitalists for increased prices, and not agree with the small minority of coupon clippers in their attempts to secure higher profits.

That will be taken up in a later section of this pamphlet.

## **A Bitter and Cruel Joke**

Recently the meat situation exploded in a scandal. The truth of the shortages for the workers, and of illegal soaring prices, was exposed.

The government acted—by making a mockery of the needs of the masses. On Jan. 6, Food Administrator Wickard announced that new committees would be established to cope with the scarcities that have developed and the related problem of high prices.

Who was placed on these committees?

That is where the bitter and cruel joke comes in.

The new committees are composed of representatives of food manufacturers, wholesalers and retailers!

It is these very groups who profit by the present crisis, who have aggravated it, and who plot with one another to raise the price ceiling and cut the supplies of food to the great masses by favoring the higher price stores.

It is precisely these people who put profits above human needs.

To set up committees of the manufacturers, wholesalers and retailers is to make a mockery of the need of the masses. These committees will not and cannot act against their own economic interests.

The government did not think it necessary to include a labor, working farmer or consumer organization representative on these committees.

Not that such a representative or representatives would have been more than window dressing. They would be a helpless minority among the representatives of the capitalist class. But the fact that the government did not feel called upon to make even such a gesture shows the contempt they have for the masses.

## **Big Business Purges The Government Bodies**

The complete control which the capitalist class has over the various government boards and committees is further seen in the purges which have been carried out with the aim of ousting any member of these governmental groups who in the least opposes Big Business.

Because he didn't jump quite fast enough at their commands,

Big Business forced the resignation of Leon Henderson as head of the OPA.

But the absolute domination exercised by the capitalists over the government bureaus and boards is even more clearly illustrated by the case of Donald E. Montgomery.

Although he is not a socialist or radical, Montgomery took his job as consumers' counsel of the Department of Agriculture seriously and tried to defend the interests of the masses of consumers. For this he aroused the enmity of the capitalists.

He resigned his post as consumers' counsel because he was convinced that "the new Food Distribution Administration does not recognize the need for a partisan of consumers" while "food processors and distributors" have ample representation and a "chance to say what they want."

The program Montgomery advanced called, among other measures, for the immediate rationing of all foods except cereals and perishable fruits; government subsidies to keep food prices down; special rations of milk to children and expectant mothers at a price they could afford, or, if necessary, absolutely free; aid to millions of families whose incomes have not been raised by war work so that they could buy the food necessities; continuation of the food stamp plan as well as other methods to secure the lower-paid groups of the population a more adequate diet; penalization of food waste; and the shifting of men and machinery from the production of luxury foods to foods consumed by the masses.

For presenting this program Montgomery was forced to resign.

The capitalists are going to permit no one to challenge their plans in government bodies.

Montgomery saw the "termination of consumers' counsel as a clear signal to consumers that they had better look to their food needs themselves." He urged farm and labor organizations to begin immediately to "concern themselves with the food problems of their families and join with consumer organizations in making their needs known."

Montgomery's program has many points which would help in solving the food problem. Its main weakness is that it does not place the question clearly: who will control prices and rationing? Government officials or the masses themselves through their own organizations?

Others "guilty" of the same "crimes" as Montgomery have also been forced out of their posts by Big Business and the Big Farmers organizations. These include H. W. Parisius, Food Production Director; Gardner Jackson, special assistant to the Under-Secretary of

Agriculture, and Mary Taylor, editor of the Agriculture Department's *Consumers' Guide*.

Miss Taylor explained that the policies of Secretary Claude Wickard made it impossible for her to serve the interests of the consumers.

Jackson and Parisius, as well as Montgomery, advocated a policy that would aid the small farmer to produce more food by giving him credit.

The Big Business Farmers propose to meet the demand for greater food production by securing food price increases so that they could buy up acreage, often from the ruined small farmer, extend their scale of operation and increase their wealth.

We do not agree with the political and economic ideas, as a whole, of those who were forced to resign. We point out that they were ousted by Big Business and Big Farming which now stand unchallenged in virtually all government bureaus and departments.

## What We Have Shown

This pamphlet has proven that the workers' living standards are under attack by skyrocketing prices, shortages and mounting taxes.

It has demonstrated how labor has been enmeshed in the steel trap of the "Little Steel formula."

It has exposed how the OPA jumps to attention at the merest hint of Big Business and how it readily agrees to price rises when demanded by the large corporations.

It has made clear that the bosses have been receiving huge profits.

It has unmasked the plots of the capitalists to divide and antagonize the working farmers against the wage workers and the wage workers against the working farmers.

It has thrown light on the fact that if you are wealthy and can afford to pay high prices, the food shortages are something read about after a luxurious meal, but if you are a worker, to whom every penny counts, the food shortages mean that you and your families are deprived of important and vital foods.

It has pointed out how the "black market" is now a prosperous industry, thriving, vulture-like, on the needs of the masses.

This pamphlet has uncovered how the OPA has ignominiously failed to keep prices down and the "black market" from spreading its tentacles, and how it must fail in the future.

We have shown how the present ration law leaves loopholes for the rich.

We have pointed out how the present tax bills favor the rich while they tear holes in the incomes of the masses.

## How to Protect the Living Standards Of the Masses

But, the reader may ask: What can be done to protect our living standards?

First of all the workers and working farmers must give up all individualistic notions of dealing with the increasingly acute problem. Only by collective, organized action on a correct program can the toilers hope to protect their living standards. This is the program proposed by the Socialist Workers Party:

### *RISING SCALE OF WAGES TO MEET RISING COST OF LIVING.*

The workers' wage and working farmers' income must rise to meet the increasing cost of living. These improvements in wages and working farmers' incomes must come out of the immense profits of the capitalists. All unions must advance this demand and fight for it.

### *RATIONING OF ALL CONSUMER GOODS OF WHICH THERE ARE SHORTAGES.*

The available amount of goods used by consumers must be rationed so that everyone who works will receive:  
*AN ADEQUATE ALLOTMENT OF FOOD AND CLOTHING.*

If the wastes and profit barriers to production were removed there would be ample supplies of the necessities of life for each and every producer in this country.

The present system of distribution of the necessities of life, where those with money receive first choice and only what is left filters down to the workers, with its waiting lines, favored customers and "black markets," must be replaced by a system where *EVERY ONE IS GUARANTEED HIS ALLOTMENT BY LAW.*

Prices have risen and will continue to rise. The "black market" is extending its scale of activity. The purchasing power of workers' wages is being reduced by increased prices. To protect the standard of living of the overwhelming majority it is necessary to demand the

### *STRICT ENFORCEMENT OF CEILING PRICES.*

Not a penny more must be added to the price of any item used by the workers and their families.

However, the present price control set-up is thoroughly incompetent to accomplish this end. Both price control and rationing must be undertaken by other groups than those which have charge of these vital functions at present. In place of the

bureaucratic, capitalist-minded, profit-protecting, cowardly, and Big-Business-controlled OPA and rationing boards, price control and rationing must be placed under the control of  
**MASS COMMITTEES OF TRADE UNIONS, HOUSEWIVES,  
WORKING FARMERS AND SMALL BUSINESS MEN WHO  
DO NOT EMPLOY LABOR.**

These committees' first and only task will be to protect the living standards of the masses. They should be absolutely opposed to the efforts of Big Business of city and farm to maintain and increase their profits by price increases. These committees will strive to root out the "black market." They will be responsible to the masses, not to the large corporations. Their job will be to fight for the interests of the masses in opposition to those of the capitalists. These committees will be really democratic. Their duty will be to war against increasing prices and the "black market." The needs of the toiling masses, not capitalist profits, must be their guiding principle.

As regards taxation, the workers must demand  
**NO TAXES ON WORKERS' WAGES, NO SALES TAX ON  
THE NECESSITIES OF LIFE.**

**NO TAXES ON INCOMES BELOW \$5,000 A YEAR.  
CONFISCATION OF ALL INCOMES OF OVER \$25,000 A  
YEAR.**

## **Expropriate the Large Scale Food Companies**

Capitalist ownership of the meat packing houses, canneries, flour mills, dairies, chain stores and other large scale food producing and distributing concerns is a bottleneck in the way of the well-being of the masses. The handful of capitalists who own these plants are interested only in their profits, not in the needs of the masses. They are ready and willing to go to any lengths in their cold and calculated drive to boost profits.

Above all else, the present food crisis has made clear that it has become necessary for the government to take over the ownership of these large-scale plants to be operated under the control of the workers. The workers, together with the toiling farmers and the housewives, will determine how production should be arranged to benefit the workers, toiling farmers and producers generally. They will be able to insure the workers higher wages and the toiling farmers better incomes. The state-owned plants will be freed of the necessity of paying profits to a parasitic handful of owners, as at

present. They will no longer have to support the wasteful methods of capitalist production and distribution.

The Socialist Workers Party calls for the "Expropriation of the large-scale food producing and distributing concerns of the country, and their operation under workers' control."

## **A Program of Struggle**

The program of the Socialist Workers Party is a program of struggle against capitalism. The SWP program is the only one which can meet the attack on the workers' standards of living and hurl them back.

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