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**HOW
CLASS COLLABORATION
WORKS**

By
Bertram D. Wolfe

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THE UNCOVERED WAGON.

By Fred Ellis

INTRODUCTION.

THE economics of class struggle are simple economics. The worker produces his own wages and his boss's profits. How much of his product he keeps—how much the boss takes—these are the economic questions underlying the elementary struggles of the workers and the employers. The economic basis of the class struggle, reduced to its simplest terms, amounts to this: If the worker gets more of his product in the form of wages, the boss must get less in the form of profits. If the boss gets more, the worker gets less. **What is good for the boss is bad for the worker. What is good for the worker is bad for the boss.**

This is true in America just as it is in other countries. In spite of this fact, we hear politicians and labor leaders declaring that "the interests of capital and labor are identical." They assert: "What is good for the boss is good for the worker and what is bad for the one is bad for the other."

President Green at the 1925 convention of the American Federation of Labor declared that in America "there is no need for the class war, no need for the class struggle."

Many of our leaders urge us to work harder so that the boss will make more money, and to vote for the bosses' parties on election day. When workers propose a labor party for a political contest with the

bosses' parties or when they propose that the union make a real struggle for higher wages and better conditions—they are denounced and sometimes even expelled from their own unions. Such leaders try to turn our unions into organizations that help the boss to make more profits instead of helping the worker to take more of his product in the form of wages. They want the unions to co-operate with the boss in place of fighting the boss. They want to substitute class peace for class war, identity of interest for conflict of interest, class collaboration for class struggle.

Many workers have a very easy economic explanation for this: "Our leaders are bribed by the bosses." Financial or political payments and rewards—such to them is the economic basis of class collaboration.

That bosses sometimes, even often, bribe labor leaders with money bribes or political appointments, is of course true. But that is too simple a solution. If that were all to it—the corruption of few leaders—the solution would be simple. Expose the corruption, run the traitors out of the labor movement—and nothing more.

Such an "explanation" leaves many things unexplained—why the members of a union do not throw out such leaders when they are exposed; why the exposure leaves them often unsurprised and unmoved; why they so often support and follow a leader who preaches collaboration with the boss; why not only leaders but whole sections of the working class believe in class collaboration and accept it as the unconscious basis of their thought and action; why not leaders alone but whole sections of the working class are bribed—these are the fundamental questions to be answered.

We are not so much interested in the personal corruption of an individual leader. It is not the personal corruption of an individual leader, but the "impersonal corruption" of a whole section of workers that is involved. And it is far more important to understand such roots of class collaboration than the phase of direct bribery of individual leaders.

To reduce the matter to its simplest economic terms, we can put it this way.

There is in America a section of the labor movement known as the aristocracy of labor. It is a privileged section working shorter hours and receiving better pay than the average worker. Out of the enormous extra profit or "superprofit" made by American monopolistic and imperialist capitalism—higher profits than any other in the world—some crumbs are thrown to the so-called aristocracy of labor. Where American capitalism gets these extra profits; why it gives some of this superprofit to some sections of the working class; how this is done and what effect it has upon the bribed sections of the working class—these are the fundamental problems to be investigated.

This pamphlet, which is a reprint of articles written for "The Workers Monthly," is an attempt to suggest the method of studying the economics of class collaboration by studying a few type cases in which workers derive some of their wages from profits taken by monopolist or imperialist capitalism from other workers, thereby unconsciously sharing in the exploitation of their fellow workers. This seems to run counter to the simple economics of the class struggle, for here one set of workers shares with the boss profits wrung from an-

other set of workers. It is a complicated process but one which must be analyzed if the American labor movement is to be understood. Without such analysis we cannot understand the corruption of our leadership, the conservatism of our "aristocracy of labor," the division into foreign and native, skilled and unskilled, organized and unorganized, the political unripeness of the aristocracy of labor—in short, without such analysis it is impossible to understand the American labor movement as a whole.

At this moment, when the ascendancy of American capital and its monopoly of the world investment market is definitely assured, when the total loans of our bankers abroad amount to about ten billion dollars and when the beginning of payments under the debt funding plans will build up ever-increasing sums for reinvestment, and when the number of foreign government and industrial loans mounts in continually increasing ratio—the importance of such investigations cannot be over-emphasized. To repeat—a concrete understanding of the economics underlying class collaboration and the creation of an "aristocracy" of labor is indispensable for the understanding of the American labor movement.

The writer does not attempt to make such a study in the present pamphlet but merely to "hit the high spots"—to sketch some of the methods and fields of investigation in which such studies must be made.

BERTRAM D. WOLFE.

July 4, 1926.

How Class Collaboration Works

By BERTRAM D. WOLFE.

The Privileged Position of American Capital.

AMERICAN industry is enabled at present to "bribe" certain sections of the American working class. First, because of its privileged position in respect to raw materials (43 per cent of the world's coal, 54 per cent of the world's iron, 64 per cent of the world's steel, 73 per cent of the world's petroleum, 70 per cent of the world's cotton, etc.—see "The New America," by Jay Lovestone in the *Workers Monthly*, July, 1925). Secondly, there is the privileged position of American industry in respect to mechanical organization, transportation facilities (more than half the world's railway mileage is found within the boundaries of the United States; three out of every four telephones in the world; 90 per cent of the world's automobiles; the bulk of the auto trucks produced, etc.) and sources of power (coal and hydro-electric). Then, there is the privileged position derived from technical organization (gigantic trusts, efficiency and speed-up systems, etc.) which, on the one hand, eliminate much waste and on the other, greatly increase the productivity of labor. Finally, and most important, is the privileged position of the United States acquired through the world war which did not

destroy her industries as it did those of the European countries but brought her untold wealth, made the world her debtor, accumulated in the United States one-half of the world's total gold supply, gave her undisputed control, first, in Latin-America and then bit by bit in other portions of the world until now she is dominating financially even such industrially advanced countries as Germany, through the Dawes plan, and dictating the monetary policy of her nearest rival, England.

Thus, the United States capitalist class is deriving (1) a higher rate of profit than the average through the fact that superior technique and more easily accessible raw materials reduce the time necessary for production below the time socially necessary on a world scale; (2) a higher rate of profit than the average through the exploitation of colonial and "backward" peoples whose living standards are lower and who can be made to work more cheaply and for longer hours under the compulsion of the lash and the gun; and (3) a higher rate of profit due to the extraction of surplus value directly from European and other foreign industries in which American capital is invested and indirectly from the surplus value which goes to foreign governments from foreign industry in the shape of taxes and then to America in interest and loan payments.

Out of these surplus profits, which are at present on the increase, American capital can afford to pay its wage slaves a trifle more than the ordinary wages of labor. Of course it does not do this unnecessarily nor unless it is forced to. Not all workers, but only certain groups in a strategic position receive some por-

tion of these profits. These workers thus receive some portion of the surplus value extracted either from their fellow workers in the same shop or industry, from workers in other industries in America, or from the surplus value extracted from the workers in other countries. The effect of this is two-fold: (1) It enables capitalism to give to certain workers a wage above the average, thus reconciling them to capitalism; and (2) the derivation of this extra wage from surplus value extracted from other workers in the same industry, different industries, or from other countries, develops in these workers a subtle sense of superiority, destroying their solidarity with their fellows and their consciousness of class (replaced either by individualism, by craft consciousness or by nationalism), wins them to the support, not calculated and selfish but quite unconscious, of capitalism and imperialism.

The fundamental subject for concrete economic analysis therefore is the manner in which surplus value extracted from other workers arrives directly or indirectly into the hands of this "aristocracy," this privileged section of the American working class, and the manner in which workers participate in monopoly or imperialist super-profits. I will here examine a few typical cases in order to suggest the nature of the problem or problems involved.

First Type: Sharing in War Profits.

During the participation of America in the world war, certain privileged sections of the working class became participants (although quite unconscious ones)

in the enormous gains of war profiteering. The shipyards furnish a typical example. In the shipyards the "cost plus" system prevailed. This meant that the higher the cost of ship construction, the bigger were the profits of the shipyard owners since they received the real or alleged cost of construction plus ten per cent of that cost. They therefore padded costs by paying high prices for materials, high salaries to the officers of the corporation, etc., AND ALSO HIGH WAGES TO THE WORKERS. This extra wage, due to the privileged position of war industries, is a method by which the workers shared in the "ill-gotten gains" of war profiteering. It goes a long way to explaining the patriotism of war-industry workers.

Second Type: Sharing in Monopoly Profits.

Monopoly yields a rate of profit above the average for the general run of competitive industry by reducing costs, promoting efficiency in production and sale, by restricting supply and by raising the price of the product above its value. This his privileged position enables the monopolist to do.

Monopolies in the making will resort to any and every means of crushing their competitors. Among the means so used, are found, in certain industries, LABOR UNIONS. A simple example of this type is the building construction industry which is passing from free competition to monopoly under our very eyes. The big associations of contractors aiming at monopoly try to crush their competitors through the monopoly of materials and of labor power. Therefore, these con-

tractors have, during certain periods, recognized the closed shop, making a contract with the building trades union whereby it is agreed that the contractor shall hire none but members of the union, and that member of the union shall not work for any contractor not in the monopoly association. Thus the unions are used as a club against those who will not go into the association, which is in reality a monopoly in the making. The workers who are organized in the unions that are parties to the contract are in a privileged position as compared to those unorganized, and the union receives fairly good conditions as part of the contract and at the same time becomes a sort of job trust. The other workers in the industry are excluded from this job trust by high initiation fees, rigid tests, closed charters, etc. The favorable conditions received from the contractors and the recognition of the right to limit the supply of labor (a right that the employer normally opposes with all his might since it is counter to his economic interests) are thus a small share of the abnormal monopoly profits conceded to the privileged workers in return for the right to use these workers against independent contractors in order to further the growth of monopoly. The temporary job-monopoly born of collaboration with the bosses' enterprise-monopoly not only promotes class collaboration but also promotes stratification within the working class, division into skilled and unskilled, and the destruction of class solidarity. This phenomenon, which was and still is typical for certain branches of the building trades in certain sections, is the breeding ground for the so-called Brindellism, typified not only by Brindell in New York

but quite as much by P. H. MacCarthy in San Francisco, or by "Skinny" Madden and "Umbrella Mike" in Chicago. The building trades in all of these cities were passing through the same epoch of transition from competition to monopoly and like causes begot like effects.

But it is noteworthy that such privileges are only temporary and that a monopoly, once established, no longer needs to bribe its workers for such purposes and thereupon becomes ruthless in suppressing the unions. No big monopoly firmly established permits unionism; so that the building trades workers and other sharers in monopoly profits share in them only during the transition period. It should also be remarked that the essence of Brindellism from this standpoint is not the personal corruption of an individual leader but the "impersonal corruption" of a whole section of workers. In general, it is far more important to understand such roots of class collaboration than the phase of direct bribery of individual leaders.

Third Type: The Label Trades Monopoly.

Many cases analagous in one respect or another to the sharing of monopoly profits are to be found in industry. In this connection some of the so-called label trades should be studied. Often, the producers of a label product derive an extra profit from the sale of that product to union men. Unionization in these industries is sometimes a farce. No shop is "controlled" but the label shop and the label is nothing but a selling point. It represents a monopoly of a certain limited market. A few brands of cigars are typical of this.

The printing trades label in certain open-shop towns is used by one printer who gets thereby a monopoly of all political printing. The label of the United Garment Workers furnishes another example. A collection of such cases should be made and studied. Although they do not represent a large proportion of the total production, nevertheless, the mechanics involved is of great interest in understanding the degeneration of certain labor councils in which only label trades are represented.

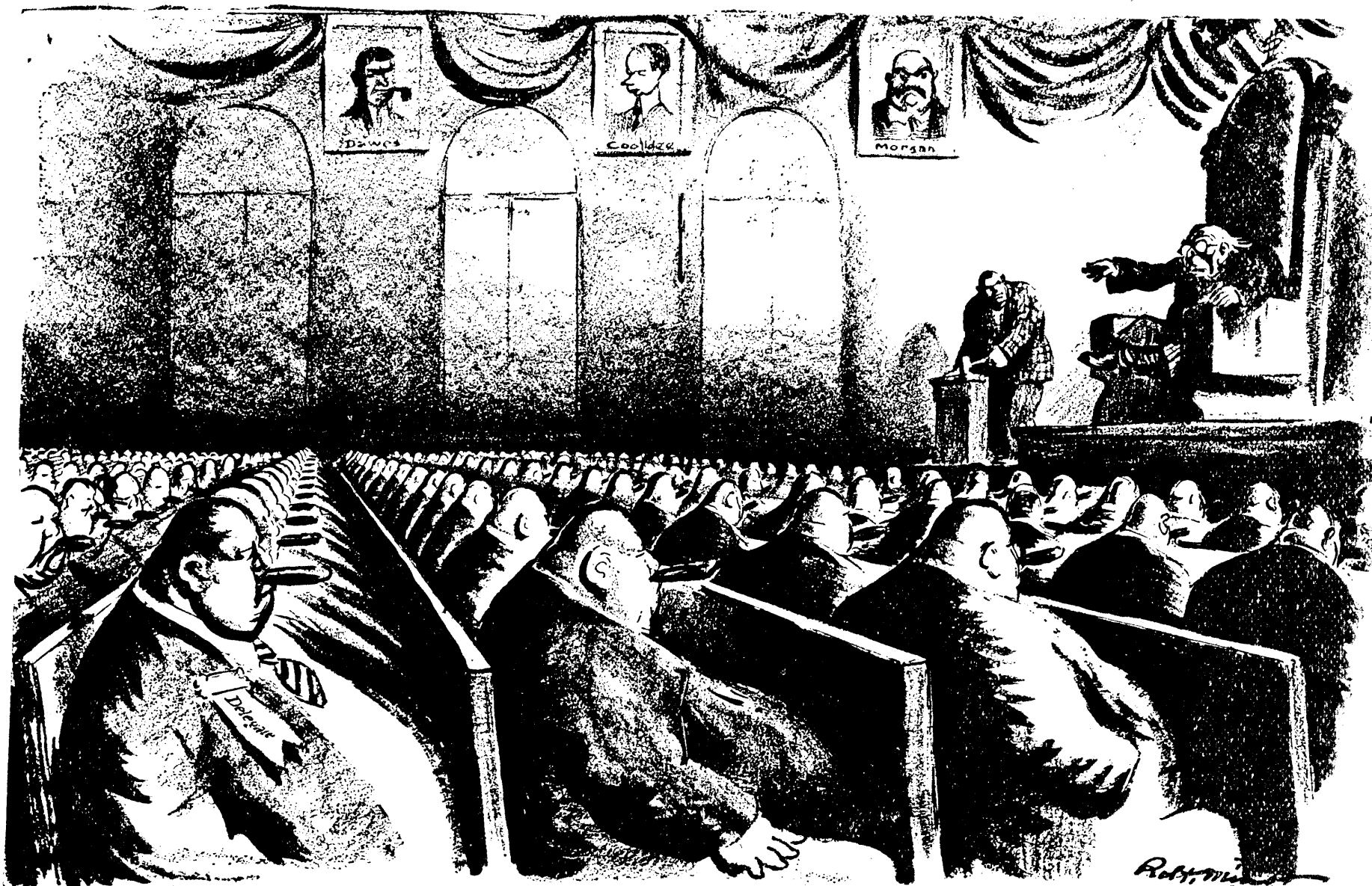
An interesting study to be made in this connection is an examination of how the old Central Trades and Labor Council of New York, once a most militant body under the control of the old Socialist Labor Party and accustomed to undertaking mass picketing on behalf of any union out on strike, has degenerated into a body led by Tammany politicians with second-rate socialist henchmen as their lieutenants. At one time the big mass unions of New York, German and Jewish for the most part, participated actively in this council. Today, the needle trades workers of the I. L. G. W. U., etc., have no representation there. The meeting nights somehow always conflict in a most surprisingly coincidental manner, quite "by accident," and the bulk of the representation consists of the leaders of city employes who enjoy a political monopoly of Tammany jobs and of local trades. The workers in all sections should make studies of their labor councils and a comparison of these will reveal much as to the effect of such privileged arrangements as were described above on the degree of militancy of the labor body in question.

Fourth Type: The Taking of a Portion of the Workers' Wage.

Closely related to the type described above but an extension of it, is the job trust union that directly exploits the unorganized workers through working permits, as is the case in the Electrical Workers' unions in many cities. Here the job trust is not able to supply from its own ranks all the jobs of which the closed shop gives it a monopoly, yet in spite of this it maintains a closed charter not admitting new workers into the union. But the unorganized workers are given jobs in return for the payment of heavy fees from their salaries to the union which through the issuance of a working permit acts precisely as the employment agency taking some portion of the worker's wage in return for placing him or permitting him to work. Thus the unions derive their funds and the officials particularly their incomes, in large measure, not from the dues of the organized workers, but from the wages of the unorganized workers. This is not the receipt of some portion of surplus value but, like the income of the landlord who rents his dwelling to the worker, it is money derived from what the worker earns and has received. In investigating this and related types, all examples of closed charters, working permits, high initiation fees, etc., should be examined, particularly with a view to understanding the influence of the monopoly of jobs upon the organized, the influence of their source of income upon the labor leaders and the nature of the situation that enables the "job-trust" to maintain a job monopoly in the face of the fact that it hasn't a monopoly of the labor supply.

Fifth Type: Derivation of Part of Income from Surplus Value Extracted from Workers in Same Industry.

Very often a highly skilled craft or a craft of key strategic importance is paid more than the value of its labor power whereas the rest of the workers in the same shop are paid less than the value of their labor power. This is done by the bosses in order to keep the workers divided and make impossible the organization of the bulk of their workers. It is the cheapest way to break strikes, to prevent strikes in the entire industry and to prevent organization of the industry as a whole. With such privileged sections separate contracts are made with special privileges that encourage the workers involved to accept the doctrine of "sacredness of contract" as a substitute for the doctrine of solidarity of labor. The boss is thereby enabled to exploit the bulk of the workers in the industry more intensively than the average, and, however grudgingly, pays for it to the privileged section. Therefore the privileged section gets its bit of "extras" out of the big slice of extras that the boss takes from the bulk of the workers in the same factory or industry. There are any number of examples of this mechanism and it furnishes the biggest problem in the organizing of the basic industries where large masses of workers are employed. A few examples of how this works in practice will serve to illustrate the whole type. In telephone strikes in Mexico and San Francisco, the electricians stayed on the job, getting an increase at the expense of the telephone girls who struck and were beaten. In the shopmen's strike the traffic departments remained at work and hauled trains. The cutters in the old



THE DEAD HAND.

By Robert Minor

needle trades fights prevented organization for a long time, getting double pay and considering themselves superior to their fellow-workers. Part of their higher wages was explainable by virtue of the higher value of skilled labor power as compared to unskilled, but part of it was actually derived by the boss out of the extra profit which he was able to extract through the sweating of the bulk of his workers. During the great steel strike of 1919 effective organization was to an extent prevented by the type of officialdom controlling the relatively privileged section of the steel workers belonging to the Amalgamated Association of Iron, Steel and Tin Workers. These had their contracts which covered only the skilled workers, and in many cases where the men were willing to strike, they were forced back by a threat of a lifted charter if they stayed out. The very nature of the contracts entered into by this organization are such as are calculated to prevent the organization of the unorganized.

“It was agreed that when a scale or scales are signed in general or local conferences, said scales are contracts shall be considered inviolate for that scale year, and should the employes of any departments (who do not come under the above-named scales or contracts) become members of the Amalgamated Association during the said scale year, the Amalgamated Association may present a scale of wages covering said employes, BUT IN CASE MEN AND MANAGEMENT CANNOT COME TO AN AGREEMENT ON SAID SCALE, SAME SHALL BE HELD OVER UNTIL THE NEXT GENERAL OR LOCAL CONFERENCE AND ALL MEN SHALL CONTINUE TO WORK UNTIL THE EXPIR-

ATION OF THE SCALE YEAR." (Foster: Steel Strike, pp. 173, 4; emphasis mine).

This division is not always between skilled and unskilled or between organized and unorganized although such divisions are promoted. Often the employing class finds it profitable to play a small union against a larger one where they are both organized. Thus the wages of the larger union are kept below the average; and of the smaller, above the average. Out of the greatly increased exploitation of the larger mass the smaller group can be bribed and a big profit left. In San Francisco, the cooks and waiters were both well organized and had a solidarity pact. They went out on strike together and the demands of the cooks were granted on condition that they break their solidarity pact with the waiters. As the waiters are far more numerous than the cooks (ranging from a ratio of three waiters to one cook in the small houses to a dozen to one in some of the big hotels) it was obviously paid to give the cooks a privileged position in order to beat the waiters.

Sixth Type: Strikebreaking Wages.

Of course, the crudest and most extreme form of this payment of surplus value extracted from the more exploited workers to a "privileged" section is the astounding wage paid to those staying on the job or coming to work during a strike—to scabs. They receive double and treble the average wage, and even more in some cases, sinking so low in the taking of a bribe from the surplus value created by the exploited workers on strike for better conditions that all sense of solidarity is destroyed. There is acutally a profession-

al group created that goes from job to job breaking strikes in return for this Judas wage. Here they live so obviously and directly from the betrayal of their fellows and from the surplus value extracted by the bosses from the strikers that they became a vile type of exploiter, not of the work, but of the distress of the workers. Closely akin to this class and also paid out of surplus value extracted from the workers they betray, are all manner of labor spies and informers.

The Strawboss.

Another type that develops the psychology of a petty leech and receives his pay from the surplus value of his fellow-workers in the same shop is the efficiency man, the straw-boss, the speed-up man, and certain types of foremen, department heads, etc., who are "promoted" from the ranks of common labor as a reward for servility, toadying, or "snitching." Sometimes a bonus system (the bonus also comes from his fellow-workers) develops a "speed-up demon" who sets the pace for his fellows and derives his extra income from wearing out not only the workers in his shop but himself as well.

Seventh Type: Direct Exploitation.

Another type of worker who derives a part of his income (in some cases even the whole of it) directly from the surplus value of his fellow workers in the same shop without being a capitalist (owner of machines and other capital used as means of exploitation) is the petty sub-contractor who has a handful of men working under him. This system is sometimes used in

mining, for example. The mine and mine machinery are the property of the capitalists (the company, in this case) and concessions are given to certain miners to run gangs of laborers to extract the coal from a given section of the mine. The company pays the straw-boss or section boss (he is known by various names) who hires and pays his "gang." The less he pays them the more he earns, so that he has a thorough exploiter psychology, although he is not a capitalist, and, in the case of some industries actually works alongside of the rest of his gang.

Apprentices and Helpers.

Sometimes the apprentice and helper system, although its roots are different, serves also to create a condition not unlike that described above. For example, a plumber's helper or a two-thirder in the printing trades, where long apprenticeship are necessary (5 years in the printing trades), is often capable of doing and actually performs the same work as a journeyman (master), but gets a much lower salary. An investigation of some of these industries will reveal that the journeymen get a wage slightly above the average through their job monopoly and the apprentices and helpers get a wage much below the average. The boss pockets the difference, but gives some of it (this is unconscious both on the part of the boss and the journeyman) to his journeymen. Thus they indirectly derive their privileged position in part from the surplus value extracted from their helpers and apprentices. In those industries in which apprentices and helpers readily become journeymen or "masters," permanent

stratification does not result, but in some industries a man tends to stay a helper all his life, and then a great gulf is created between the two layers.

We have spoken above of the problem of restricted industries, closed charters, high entrance fees, special examinations of a difficult nature, etc. In this connection it must be borne in mind that as in the case of any other attempt at monopoly, a monopoly of the existing supply of the commodity labor power cannot be effective for any length of time unless there can be a restriction of the creation of a new supply. In certain skilled industries this is possible by the methods indicated above during such time as large scale machinery is not introduced to abolish the craft skill. It can be practiced by a section of the workers, then, who can, if they are strong enough, limit the number of apprentices, keep newcomers out, etc. But it must be borne in mind that this increases unemployment and lowers the average wage in other industries, so that this temporarily privileged section is so privileged at the expense of the rest of the working class.

Eighth Type: Imperialism and the Standard of Living.

High profits in a given industry for the bosses, and high wages for the workers, where there are no monopolies involved, tend to equalize themselves readily through the attraction into the privileged industry of new capital in the first case, and new labor supply in the second.

But between countries, there is not the same degree of mobility of capital and labor, especially the latter, as there is within a country. Thus it comes about

that the standard of living within a given country can remain much higher than that in another for an indefinite period. This period is prolonged by the restriction of immigration because of its costs, the difficulty of uprooting people from their birthplace, barriers of language and culture, and even (as in the U. S. today) by legal regulation.

The same capital oftentimes employs labor in one country at a very high wage and in another ("backward") country at a much lower wage. Here the privileged workers derive some of their higher income, at times, from profits which are flayed out of the hides of the yellow, brown and black workers of the industrially backward nations. Thus the higher standard of living of the workers in one country as compared to those of another is in part due to the intensified exploitation of the workers in the second country. Mobility of labor within the country tends to equalize the distribution of this source of income so that a whole working class may be living in part at the expense of their fellows in another country. This may be distributed in the form of shorter hours, wages, social legislation, unemployment doles, pensions, etc.

Sometimes the proletariat of the imperialist country, or some section of it, must be kept quiet so as to keep it from interfering with the efficiency of an expedition of conquest or to get it to take part in an imperialist war. Then the employing class may throw to it temporary concessions wrung out of the oppressed nation.

A very simple example from our own country of an industry's getting into a temporarily strategic position on account of its necessity to imperialism is furnished

by the Adamson Eight-Hour Law. This measure, providing for an eight-hour day for railroad employes, was proposed in 1916 when American munition and heavy industry plants were taking in money as a vacuum cleaner takes in dust. The railroads were essential to this war-profit-taking from European industry. The strategic importance of the railroads to imperialism increased greatly as America's entrance into war became certain. The President himself submitted the proposal to Congress. It was passed and was to become effective January 1, 1917. The railroads secured an injunction but, when the workers threatened strike, it was the government itself, executive committee of the imperialist section of the whole capitalist class, that compelled the railroad capitalists to yield.

Certain sections of the skilled workers regularly supply the upper "aristocracy" in industries in backward countries. In Mexico, for example, all the well-paid jobs, machinists, engineers, mechanics of all sorts, foremen, overseers, etc., are filled from the United States. These workers are well paid and part of their pay is derived from the brutal exploitation of native labor. They are naturally imperialist in their ideology and a conversation with them always reveals them as in favor of direct annexation of Mexico.

What kind of ideology the alliance of certain privileged sections of the working class with imperialism begets can be illustrated by a quotation from the declaration of the American Alliance for Labor and Democracy, created to "sell" the war for "democracy" to the American workers. This reads:

"We recognize in this great struggle at arms a war

that is essentially labor's war—a war of the useful people of the world against the agents and institutions of tyranny and oppression and we are resolved to remain with this struggle to its victorious conclusion.”

Ninth Type: The Feathered Nest.

Now a word as to labor leaders, labor statesmen, and the like. It is not my purpose to analyze the question of direct corruption. But a few observations would not be amiss.

In the first place, a clear distinction must be drawn between the “labor aristocracy” which consists of workers, albeit bourgeois-minded ones, and their leaders. Many recent articles have confused the two.

When we think of labor leaders receiving salaries in excess of those of cabinet ministers, when we remember that a labor congressman in the U. S. receives \$7,500 per annum, when we think of the appointment of labor leaders to government jobs, war labor and railroad labor boards, heads of state labor commissions, etc., it is easy to understand why all these folk with cozy corners, occupied or in prospect, will advocate “peaceful, law-abiding” methods that will not shake them out of their soft places. Thus his majesty's minister in the British Labor Government of MacDonald, Clynes, was expressing a very natural sentiment when he declared: “It is the working class I fear.”

Labor history is replete with cases of leaders who have been ousted or have “retired,” to work for the very corporation that they were formerly supposed to be fighting. For others, the price of treachery is a government job. When imperialism is badly in need of

help, as in wartime, the number of such jobs multiplies with surprising rapidity. Even the lower-priced Judases like Spargo were able to take quarters in the Waldorf-Astoria during the world war.

Tenth Type: The "Brain-Workers'" Income.

The intellectual in countries where capitalism is "healthy" is quite regularly a supporter and prop of the capitalist system. Where he enters the labor movement to lead it out of the wilderness and show it the promised land, he is usually notoriously unreliable. The socialist movement with its appeal to "workers of hand and brain" is often deeply grieved by the lack of interest, and even hostility of the "brain-worker." Where he infiltrates in large numbers, as in the British Labor party, and succeeds in getting into a position of leadership, his efforts are directed toward the blunting of the edge of the weapon of class struggle, and he becomes a lieutenant of the capitalist class. This is true of professional men, writers, professors, preachers, etc.

What is the economic basis of this? How does the intellectual and professional man derive his income?

For the most part, professional fees and salaries which range from earnings less than those of the average exploited worker to the enormous incomes of specialists, consulting engineers, technical consultants, best-seller novelists, lawyers, etc., are derived from the surplus value extracted from the working class by the capitalist class. These incomes, whether in the form of fees, royalties, commissions or salaries, come, for the most part, from the capitalist class. But the whole

income of the capitalist class is derived from the surplus value extracted either from their own workers or from the workers of the "backward" nations. These intellectual elements that serve the master class are thus thrown scraps from its banquet board. They are the dependents or hangers-on of capitalism and quite naturally will not bite the hand that feeds them.

The writer of the latest best sellers or of scientific works knows that he is not writing his books to be purchased in any considerable number by exploited workers, but by the exploiters out of the proceeds of unpaid labor. Some categories of luxury workers are in a similar position. As the luxury industries of Paris during the French revolution worked counter to the abolition of royalty, because it meant the ruining of their means of livelihood, so these servitors today have what the worker would denominate "lackeys' souls." Thus Hobson, the liberal bourgeois economist, expressed the fear that all Europe would live more and more on the backs of the colonial peoples and that all the necessary industries involving the production of raw materials and their elaboration would move increasingly to China and India and Africa and that, from the streams of wealth pouring into Europe, the master class would indulge itself in luxuries, in the production of which the whole of the European working class would become increasingly occupied. These workers would be reduced to the condition of parasites upon imperialist money-kings, lackeys and servitors, and caterers to luxury tastes. And deriving their income from the exploitation of the colonial peoples they would be willing supporters of capitalism and imperialism.



By Robert Minor
Big Business:
"Why, Bill John-
ston, you are a genius!"

This picture of a parasitic Europe (or today of a parasitic America) is not as fantastic as it seems. There are actually tendencies working in that direction, but they are offset by counter-tendencies that it is not within the scope of this pamphlet to discuss.

“Workers’ Education.”

In recent times there has been developed a “Workers’ Education” movement in the United States which aims in large measure to carry the culture and the textbooks and professors of the universities to the proletariat. University text-books, though they may get a few worker-readers and purchasers, are still written for the upper class, paid for in the main out of the sum of surplus value extracted from the workers and form a species of mental poison for an awakening working class. And these distinguished professors, as shown above, also derive their income from surplus value and are hangers-on and supporters of the capitalist system. Their only mission can be to drug the workers’ minds with capitalist ideology. Some of this workers’ “education” (better called “deaducation”) is given by instructors who give their full time to such work. In such cases they are usually in the same position as the labor leaders analyzed above and can generally be depended upon to give the point of view of the labor leader.

Only recently the Carnegie Corporation donated \$25,000 to the Workers’ Education Bureau thus adding this bureau to the list of Rockefeller—Morgan—Carnegie subsidized educational projects. Class struggle education is not in danger of such subsidies.

Eleventh Type: Trade Union Capitalism.

Returning for a moment to the labor leader, we find that he is increasingly seeking to derive his income not from the workers' dues, but from such ventures as labor banking. These banks become investors, like all banks, of the funds of their depositors. They invest these funds in industry, buying bonds, making loans at interest, buying shares and buying whole industries. Thus the banks, like other capitalists, becomes exploiters of labor and the labor leader who controls the bank derives his income from the surplus value extracted from workers in other industries.

Thus, for example, the locomotive engineers' bank invested in the Mexican-Great Northern railway, becoming interested thereby in our imperialist ventures in Mexico. They invested in the open-shop coal mines in West Virginia that begot the famous Lewis-Stone controversy.

It is an open secret that Warren Stone stopped the Locomotive Engineers' Journal from attacking the Pennsylvania railroad for its policy toward the clerks employed by that system, after Stone's bank had gotten heavily tied up with investments in the Pennsylvania's stock.

B. Stolberg, in a recent article in the "Nation," declared that the Amalgamated Bank is "investing only in enterprises sympathetic to the labor movement" (Nation, Sept. 30, 1925, p. 350). This simply is not so. The Amalgamated plays the market, makes short term loans to business men, etc., and derives much of its income from the surplus value of workers in other industries.

But Stolberg is a little nearer in grasping the situation in an article in the Century entitled the "Peter Pans of Communism," in which, though he does not understand or draw the proper conclusions from it, yet he sums up very "nicely" the tendencies described in the present pamphlet. He declares:

"Undoubtedly this archaic Gompers' method is passing. It is too primitive and unconcerted to balance the rights of labor in our complex industrial civilization. But instead of going socialist, the progressive (!!!) wing of American labor is molting into trade union capitalism. With the instinct of self-preservation (as the Stolbergs and other writers for the liberal bourgeoisie understand self-preservation), it is ADAPTING ITSELF TO OUR IMPARTIAL CAREER. . . (emphasis mine—B. D. W.). Hence arises what one might call the new economic policy of American labor. Even now it could not very well 'throw off its chains' for already those chains are worth close to one billion dollars in capital investment and business enterprise."

Stolberg, like Hobson, in the passage summarized above, has grasped one side of the present development in our labor movement—grasped it with the one-sidedness of a firm believer in and apologist for capitalism who sees in each new phenomenon a change which will at last assure capitalism that it is no longer doomed to destruction. The counter tendencies which make for the narrowing of the circle of the "bribed" workers, the splitting of the bureaucracy into two sections, one of which will openly become parasitic upon the capitalist class and lose all influence over the workers, and the other, the lower section of the bureaucracy, which

will join the class struggle and assume a leading role in it, the tendencies which lead to a greater homogeneity and solidarity in the working class, and an intensification of the class struggle—to all these the Stolbergs are blind. But these are things which cannot be discussed within the scope of this pamphlet. They constitute a chapter in labor history which the left wing of the labor movement, backed by every honest trade unionist, is writing today in the fight to counteract the tendency toward class collaboration that is hogtying the working class and to keep our unions as effective instruments of class struggle.

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