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Industrial Crises, Cause and Cure

By the National Secretary

Many and varied have been the theories advanced in explanation of the fact that ever since the year 1815, the first panic of note, just after the close of the war with Napoleon, industrial crises have occurred at fairly regular periods throughout the history of Europe and the American continent. From Stanley Jevon's theory of sun spots, to Jim Hill, who attributes the cause of hard times to the cost of high living, from the theory that there was too much paper money that was not backed by gold until people lost confidence, to the modern dough-head who lays the blame to the working class, as a result of their demand for an increased rate in their money wages.

Panics have become a recognized part in our social life. In fact panics seem to pay little attention to sun spots, cost of high living, monetary systems or the demand of the workers for a higher wage. It is true that wages have increased in the past, ten or thirteen years. However, it remains a fact that the cost of living has advanced twice as fast as wages, thus leaving the working class in a worse position than formerly. The fault does not lie in the demand for more wages, but rather is to be found in the contradiction of the capitalist system. Industrial crisis means bankruptcy and failure for the small capitalist. It means untold misery and suffering for the working class. It means armies of unemployed. It means evictions, hunger and cold, and rags for the families of the workers. It means the daily massacre of the babies of the working class. It means soup kitchens which have already opened in our large cities. All these things panics bring. We know it, because panics have ever brought these horrors.

The first thing to be noticed about panics is that they are confined to countries having the factory system of production. The savage tribe may be wiped out by a failure of game. There have been famines and pestilences and natural calamities that have caused hunger and suffering in other stages of society. But the crises, bringing suffering and misery in the midst of plenty, abundant crops, uninjured people, unlimited power of production and unbounded natural resources, are peculiar to the society which came in with the invention of the machine and its private ownership.

Let us get this point perfectly plain. If crises came in with capitalism, with the present form of ownership of the means of wealth production, then we are strongly convinced that there is some relation between them. The Socialist has long ago proven that the industrial process in every society determines all the social institutions of that society.

The way in which a people produces and distributes the things that it needs determines the industrial organization in its industrial organization. When this changes everything else in that society changes. When people lived by hunting and fishing they had one sort of society, with its peculiar form of government. When savagery changed to feudalism, when tools began to be used with private ownership of land another form of government, property relations and other institutions became necessary.

When capitalism came into being less than one hundred and fifty years ago, it brought with it a whole mass of changes in all social institutions. It brought new methods of living together at every point. It introduced new ways of doing business, new property relations, new forms of governments and various other things, INCLUDING CRISES.

Therefore we must seek for the cause of crises in some peculiarity of the industrial system. The one distinguished characteristic of capitalism is that wealth is produced with great machines that are not owned by the persons who use them, but which are capable of producing much more than enough to pay the wages of those who use these machines and produce wealth with them.

There is consequently a great surplus that passes into the hands of those who own the machines, mines, mills, factories, railroads, steamships, lands, etc., from the excess products of those who are hired for a portion of their product to operate these machines, etc. This surplus with modern production, becomes so great that the workers cannot buy it back with the small portion of that product which they receive as wages. Neither can the capitalists consume it themselves.

Therefore comes a time when this great excess piles up in the hands of its owners—the possessors of the means of production. They cannot sell it. They cannot afford to run their industries without they can sell the product at a profit, and a crisis results. The mills and factories are run on short hours or are shut down until the product is used up, destroyed or wasted, and then production begins again.

Let me illustrate: Let us suppose that \$1,000,000 is invested in an industry. \$500,000 goes into building and machinery. \$200,000 into raw material and \$300,000 is paid out in wages. But at the end of the year the capitalist discovers that his wealth has been increased from \$1,000,000 to \$1,600,000. Now in looking over the industry he finds the same building and machinery, etc., are in the plant, that the raw material has been transferred into finished commodities, that the value has not deteriorated, that an allowance must be made for wear and tear and overhead expenses, all of which has been carried forward as cost of production in the finished commodities. What then has caused the capitalist to find himself possessed with over \$550,000 for which he can give no account? The answer is not difficult to those who have given a little study to the nature of capitalist production.

Wealth is the product of labor, human labor power, nervous mental and physical energy. These energies have been sold to the capitalist at the market price, which constitutes wages. Labor power, the only commodity the worker has to sell, has produced a surplus of \$550,000 in excess of the wages received. The worker cannot buy back the product he has produced. The capitalist cannot use it, consequently the capitalist finds himself over a course of years with a surplus on hand for which he can find no market. The limitation imposed upon the consumptive capacity of society by the mode of capitalist production is found in the wage system. The greater the forces of production are developed by capitalism, the smaller becomes the re-

lative portion received by the working class in wages. Seventy years ago the wage-working class received 83 per cent of the total production in wages, while today in Canada they receive only 22 per cent, and in the United States, 17 per cent.

Crises, then, are caused by conditions arising from the private ownership of the means by which wealth is produced and distributed. Upon this institution of private ownership and operation by means of the wage system for profit is built the whole structure of credit and monetary institutions.

Manifestly the only way to cure crises is to remove the cause. If the instruments with which the work of the world is done were owned by the workers in common a crisis would be impossible. If the workers owned the things with which they worked and received the entire product, they would always be able to buy the entire product for their own use. Consequently their could be no overproduction, no loss of confidence, no crisis.

Let me illustrate: Let us suppose that the value of the entire product produced by 1,000,000 workers representing the wealth producers of 8,000,000 of people in this country, say in one year, working six or seven hours a day, with the best and most highly developed method of co-operative labor, represents \$2,000,000,000. A simple sum in division will reveal immediately that a million wealth producers would receive checks equal to the product produced or an average of \$2,000.00 for each and every worker.

It, therefore, becomes plain that the only solution for the world's great economic problem, the contradiction in the capitalist system lies in removing the wage-system. This is the program of the Social-Democratic Party. Through the collective ownership and democratic management of all the material instrument of social wealth production, the wage-system will disappear. Society will continue to develop higher and still higher forces of production and reduce hours of labor, in proportion to the progress made.

Karl Marx pointed out that: "A form of society never breaks down until all the productive forces are developed for which it affords room. New and higher relations of production are never established, until the material conditions of life to support them have been prepared in the lap of the old society itself."

This is what is happening today. Within the lap of capitalist production the material conditions of life to support a new society are being prepared. Capitalist production has not only prepared the means for collective ownership, but at the same time it has prepared the way for the destruction of the owning class. It is no longer necessary for the capitalist to furnish either brains or muscle. Mr. John D. Rockefeller admits that he has not been in the office of the company for ten years. Commodities are the result of co-operative labor. Wealth production is a collective process. The workers produce all wealth, but do not own any part of their production.

The working class build the railroads, steamships, dig tunnels, cut ties, dig coal and iron ore; build cars and locomotives; collect fares and freights; generate electric power; till the soil; even managers of industries, superintendents and foremen are practically all hired men. The workers actually figure out the dividends and mail the checks to the owners of the means of wealth production. In the case of the White Star Line 600 per cent, and the Steel Trust \$40,000,000 every three months, while the neat sum of \$700,000,000 rolls into the pockets of the capitalist class each year from the exploitation of Canadian producers.

This exploitation takes place at the point of production. The capitalists, however, are organized not only industrially but politically, and this political action enables them to maintain their ownership of the means of production, and consequently the power to appropriate the entire produce of labor.

By political action, then, the working class must take possession of the reins of government, abolish the capitalist system with its interests, rents and profit, and establish a co-operative commonwealth in which the whole means of production shall become the collective or common property of all the people, each person having full and free access to them, and receive in return the full social value of the product of his toil.

When the working class has shifted the political power now in the hands of the economic masters into its own hands, the transformation of capitalist property into collective or common property can be legally and peacefully accomplished. Let every member of the working class bend all his energies to the study of the Socialist position. It will give you a clear outlook over the whole history of mankind, will enable you to determine your class position in society, unfold the secret of capitalist production and give you an economic education which you cannot receive from any other source. Remember that knowledge is the road to power.

Workers of Canada, you are reported to be destitute and on the brink of starvation in large numbers. It is your fault, you have in the past summer supplied meal tickets for your masters in the best hotels and restaurants, while you managed to grub along on cheap fodder; you kept only enough tickets to do you till winter, while supplying your bosses with more than enough for their use. It is your fault.

"Will the big stores kill the small ones?" asks a reader. Did the big carriage firms kill the little man carriage shop? Did the big boot and shoe manufacturers put the cobbler shop out of the boot-making business? Did the big harvester trust smash the agricultural implement manufacturer in the small town? Have the big banks gobbled up the small ones? Are the large mail order houses doing any business in your town today?

The people of Portugal are poor; they have been exploited for centuries, and the whole country is just wobbling along waiting for something to turn up to better their condition. Yet the "government" proposing to spend \$80,000,000 on its army, and navy. Most of the war boomers of every country are in the direct employ of the armament trust.

Capitalism is killing itself, but it is well fed, and will die game.

"Cities permit the exploitation of children," says the superintendent of the International Sunday School Association. He might add girls, and women, and men also.

The capitalists are behind the throne everywhere, and what they say goes. It makes no difference where, kings, presidents and rulers of all kinds obey the call of profit.

Socialists in the French Chamber secured one-fourth of the vote on a motion to hold back a loan, pending a peace program. The public are learning the folly of war.

It makes no difference to the individual wage worker by whom he is exploited, the results are always the same—small wages for him and the rest of the product of his labor for his employer.

The capitalists are past masters in the art of politics. Others may supply the catchphrases, they supply the candidates; others may talk about principles they mean business and get it.

The Province of Quebec spent \$9,370 in sending members of the cabinet on trips abroad. The workers slave in crime and dust and mud and vote for political parasites to ride around the world in luxury at their expense.

Mr. Worker, why don't you advertise? Place a little ad in the form of a ballot for Socialism in the ballot box at the next election that comes along. By this method you will make the masters sit up and take notice that you are alive to interests other than holding on to your job.

Mackenzie and Mann lifted sixteen millions out of the treasury at Ottawa last session, and now there is talk of making another dash for a few more packages of yen. Well, about all they have to do is to ask for it. The old boys you send to parliament always perk up their heads when anyone comes round and makes a noise like a millionaire.

The Australians were "flam-flammed" into building what was promised to be the strongest fighting ship on the Pacific ocean. Now it turns out that in the same time that it took to build the ship Japan built two that are much more powerful. The way in which the politicians of the armament trust put it over the common ruck is laughable.

A Toronto minister says the Toronto jail is simply a disgrace. Why does he not say all prisons are a disgrace? They are all alike, and filled to overflowing with unfortunates who are driven there by stress of circumstances over which they have no control. The system which supports prisons is a disgrace.

The city of Montreal has an infant death rate of 9.2 per thousand, the highest of any city on the North American continent. The heavy infant mortality is among the children of the poor, of course. "Prosperous" Montreal, plunging ahead in the race for rent, interest and profits, cares not for the hideous trail of death in its wake. Besides, even in death there are profits to be reckoned on.

The elimination of the large exploiters of labor in favor of the small ones would not bring about any material change in the relation between capital and labor. What Socialists want is the elimination of the exploiting class, at large, in favor of the working class, so that the workers may become the masters, not only of their labor, but of its full product.

Every time a prominent man of the "upper class" croaks the dailies paw around hunting for new words and phrases with which to bewail his loss to the general community. When the poor old, humpbacked useful exploited worker takes the last count nothing is said about him. There are lots of his kind, and more, ready and fighting to take his place.

"Laurier and free food," howls the Toronto Globe. The class the Globe represents will get their food free all right, whether Laurier or Borden are in power. And the workers will dig in the sewers and mines, and build high buildings, and sweat in the slave pens of capitalism to supply that free food. The working class give their lives for their food. It is not free. There is nothing free to the worker but death.

Cold storage plants are not a curse. The private ownership of these plants is where the trouble lies. Men who own the plants are permitted by our laws to manipulate the prices of the necessities of life at their sweet will. The poor are living poorer each year, while the rich are glad to exploit the workers with more and more ferocity to pay the high bills of the produce merchants which the cold storage plants demand.

Since 1875 the German birth rate has fallen by more than ten to the thousand inhabitants, and in the last decade the decline has been even more marked. The military authorities fear for the army, and have sounded the alarm. Socialism is very strong in Germany. Socialists refuse to longer raise children to be cannon fodder for the benefit of the Krupp and Armstrong-Whitworth armament trust. The woman of today is becoming wise the world over.

William McLennan, of Montreal, was hungry, could get no work, and walked into a restaurant and had a square meal, forged a cheque for a quarter, and was given five days in jail. The capitalist system allows men to work only at stated seasons, then throws them on the street to beg or starve. That the workers only get a living wage is proved by the immense number of out-of-works in all the cities and towns of Canada who have not the price of a meal now that the summer season is over.

Unemployment is rife. The masters are very particular as to whom they shall allow to make their profits for them. A Montreal man complains that when he applied for a situation his prospective master asked him what was his school education, did he pass all the standards, what was his first situation, how long there, married or single, Protestant or Catholic, and so on. He thinks it would be advisable for out-of-works to have a book printed faithfully recording their own lives in detail, which they could hand in with their petition for a "job."

Vancouver Island Defence Fund

Cotton's Weekly has received the following appeal from the Defence Committee of the Vancouver Island striking miners. A good plan for the comrades could be to paste the appeal on a piece of paper, and tackle Socialists and union men for contributions, sending them forward to the Secretary of the Defence Fund.

FELLOW WORKERS—We, as brothers of the two hundred miners at present in jail awaiting trial on Vancouver Island, at this time appeal to you members of the working class for moral and financial help, that we may free from persecution and the brand of criminality men whose chief offense is their prominence and activity in the labor movement on this portion of the Pacific Coast.

The miners, in their dealings as individuals with the corporations in the past, have realized their utter helplessness. Time and again explosions occur with the loss of human life. The mining laws provide for the appointment of a Gas Committee by the men. This committee on examining the mine and reporting gas, was discharged. The Government, in lining up with the mine owners, refused to enforce the laws. They are therefore the violators of their own laws.

The men were thus forced to organize, and on the 1st of May last the mine workers of this Island came out for recognition of their union.

The governments, Dominion and Provincial, in their eagerness for industrial expansion (profits for the master class), encourage a constant stream of immigration from Oriental countries. With the aid of this reserve army of labor, whose wants are few compared with those of white men and the enactment of

Brought forward	\$ 51.45
Mrs. S. Fiddick, South Wellington, B. C.	2000.00
Per W. Pryde, Nanaimo, B.C.	20.00
Per G. Lively, Islay, Alta.	5.55
Per Local No. 2, Victoria S. P. of C.	3.25
Bricklayers' and Masons' Int. Union of America, Edmonton, Alta.	25.00
Amal. Society Carpenters and Joiners of America, Edmonton, Alta.	25.00
Robtchey Narod, Winnipeg, Man.	4.75
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Edmonton District Council Carpenters, Edmonton	10.00
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Local 322, I.W.W., Vancouver, B.C. (Tom Mann)	34.15
Local Victoria No. 2, S. P. of C.	2.00
Local 227, Edmonton, Alta., J. B. I. U. of America	10.00
Per J. Jackson (Philpotts) Nanaimo Local 45, Vancouver, S. P. of C.	10.00
Local 2633 U.M.W. of A., Coleman, Alta.	8.45
Local Rossland, S. P. of C.	100.00
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Local Canmore, Alta., S. P. of C.	2.00
Local Lindsay, Ont., S.D.P., per W. A. Goodwin	8.25
	2.00

The Triple Alliance

The farmers of the west are provoked over the triple alliance.

The triple alliance, as defined in the western provinces, means the railroads, banks protected manufacturers.

The homesteader goes on to a home works hard, skimps and finally raises a crop. When he sells his wheat he finds that he has paid the banks, the railways, protected manufacturers for the good from them, he is as bad off as when he started.

The western farmer is out to be monopolized. He wants free trade money and cheap railway rates.

We hope he gets them, not that he is Socialism, not that they will pit themselves out of business, but simply they will hasten the development of the west.

Capital is the means used to exploit. Public roads cost much money to build as they are owned publicly we do financiers talking about the "capital" invested in roads. But we have roads are privately owned and exploit labor.

Railroads have been getting an average rate of profit. They have monopoly prices and getting not railroad profit, but farm through excessive charges.

This has resulted in tremendous activity. We have seen thousands of railroads built each year in a few millions of people. Capitalist considered railway ownership to be particularly when the Canada would give the railway baro public money.

Poor men who got next the dropped off multimillionaires from way graft. Railways have been patch that the get-rich-quick scheme by their noses at agricultural land hayseeds have that. Let them to and when shipping time comes, wcream. That has been the attitude capitalist class.

Of course they realize that land is valuable some day, so as a side issue they hold millions of acres and hold their rise.

The same is true with the banks. I has been a rich graft. Let the prop worker hold a homestead title if he The banks will get him in interest charge. The manufacturers have also found a road to millionairehood. The wage slave the farmer have been the goats.

Now the farmers are stirring. They demand. The complacent east is astonished at the temper of the west. The voice the west must be heard. Banker, manufacturer, railroad baron are soon to be made disgorge some of their unearned revenues.

When this is accomplished, farming will be better paying and the railways, banks, and

drastic criminal laws, which are intended to render the workers powerless during a strike, all the forces of the State are at the disposal of the capitalists involved.

Today the militia are encamped in our streets, and bodies of them with fixed bayonets patrol them, and act as a shield to hundreds of special police who are here to guard strike-breakers.

The jails are crowded with our meat workers. With the exception of a few, has been refused.

Among the men in prison are many earnest and active workers, who are eligible for provincial and municipal office. Also J. Place, M.P.P., the working class representative in the Provincial Parliament. The workers of this district have attained the most advanced political position of any of the Dominion. In the event of these men being convicted, they are deprived of all political rights for five years.

FELLOW WORKERS—In this life and death struggle with the Master Class, help us to keep the Banner of Labor flying triumphant over what we have already attained. It is our turn today to may be yours tomorrow. In the same solidarity of the working class, help us gently needed at this time. Do all you can and aid us to hurl those from place of power who, in their greed would force us the standard of Orientals, or to become less tramps.

Forward all monies to Defense Committee, G.A. Moore, Secretary, Box 830, Nanaimo, B.C.

Donations will be acknowledged in West Clarion, Cotton's Weekly, Appeal to Read and other-Labor papers.

Jas. Jackson, Wharf St., Nanaimo	
Local Victoria, No. 2, S. P. of C.	
Edmonton Local 1016, Int. Brotherhood Painters and Decorators	
Local Moose Jaw, S. P. of C.	
Local Sequin, Wash., Socialist I	
Local 61 Hamilton, Ont., S. D. I	
Per S. S. Ososto, Local 28, B. C.	
Edmonton Trades and Labor Council, Edmonton, Alta.	
Per J. Tucher, Winnipeg Trades and Labor Council, Winnipeg, Man.	
South Fort George, Local S. Sandstone, Alta., Austrian and Russian and British symphony and M. and N. Nicolaeff, Morning berta	
Mission City Local S. D. P. No. 24, B.C.	
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Local No. 4, S.D.P. of Ontario	
Ontario Provincial E. P. of C.	
Finnish Local No. 1, Nunnola, Sask	