

The Conflict Between Capital and Labor

MANY people are much bewildered and angrily flustered at the failure of Labor and Capital, to get together on some common ground and settle the strife which undoubtedly brings great hardships on many people. They view with dismay the obvious fact that instead of coming together in amity and the spirit of compromise, the combatants face each other with more and more menacing, hostile, and irreconcilable postures. As scientific Socialists, whose function, in relation to social phenomena, is explanatory, we carry in each issue of this organ, articles dealing with this phenomenon of class antagonism, which attempt to explain the why and the wherefore of its necessity, in the hope that a satisfactory solution to it will be found through the way of knowledge.

We propose in this article to deal with it again, trusting to drag the hidden elements of the problem to the surface for observation.

Early capitalism, say of the eighteenth century, was based on money-economy, in contrast to late-modern capitalism which is based on credit-economy.

The Utilitarian school of social philosophy was the product and intellectual expression of the money-economy stage of capitalist development. Great founders of this school were Adam Smith, in political economy, and Jeremy Bentham in, its legalistic expression, the theory and philosophy of law. Later, John Stuart Mill was one of its chief protagonists and was instrumental in developing its theories. These Utilitarians based their philosophy on the "material welfare of the community at large," towards which should their theories be adopted, all activities were to contribute "naturally" in an ascending scale according to the degree in which man could refrain from interfering with the "natural" economic laws of what was regarded as a "natural" social order eternal, the work of either the author of nature or of nature itself, according to the religious ideas of the individual, on such matters. It was conceived that national progress was best secured by freedom of private initiative. Self interest was to be the guiding star of the moral world. The greatest happiness to the greatest number was to result from its practice. The body of theory of this school, is not of course, as crude as stated here under the limitations of space.

The famous Laissez Faire policy, which dominated British political policies for so long, was its product. Laissez Faire means let matters alone. The State was not to interfere in the business or industrial life of the nation, but was merely to act as a policeman against external aggression or internal malignants.

Industry at that time was carried on, on a very much smaller scale than now. With exceptions, of course, and those growing as time went on, the prevailing mode of viewing the purpose of industrial activity, was that men engaged in it for livelihood, which is in contrast to the late-modern way of looking at industrial enterprises as being carried on for profit. "Capital" was then regarded as a stock of material means by which industry was carried on. Much the same as we hear some economists (?) of today speaking of a working man's pick or shovel or the savages' bow and arrows as being capital. However, that was how capital was generally regarded at the stage of early capitalism based on money-economy. Livelihood being the purpose of engaging in production. We have a mass of small producers today who have, perforce no doubt, the same viewpoint. But under the late-modern credit-economy form of capitalism, this point of view is not typical and is considerably over a century out of date, and to the modern business man, it now carries no such meaning. Neither an order of nature nor the well-being of the community are the guiding circumstances of modern business.

"Capital" is no longer the aggregated cost of industrial equipment owned, but the basis of capi-

talization is now the earning power of the corporation as a going concern. In other words the uses of capital is the conversion of a certain sum of money values into a larger outcome of money values. That is, not community welfare or livelihood, but profits is the first and last concern of the owners of invested capital. Community welfare should it ensue is but incidental to the process.

The purpose of production is pecuniary interest, the accumulation of wealth, i. e., profits, though pecuniary interest of the owners of industrial plants are not necessarily served by an unbroken flow of production.

Contrarily, if production was carried on primarily for the welfare of the community, uninterrupted production would best serve it. This is a point worth noting in considering the merits of these opposite principles.

We will now consider the Utilitarian's self-interest theory, as the basis of community welfare, and observe its fate.

Like all systems of philosophy, the Utilitarian contained a considerable body of truth, but what its high priests and their disciples were not aware of, was that it was a truth, as all others, essentially of time and place. They mistakenly conceived their order of society as of eternity, based on unchangeable natural laws. That man must pursue happiness along the path of self-interest, though, within the bounds of justice of course, was one of these fundamental laws. To do, this man must be free. Free to express his individuality, to give vent to his initiative. In doing this men would find their proper sphere of activity, the best men would forge to the front, all of which would redound to the welfare of the community. And so in serving themselves, men best served their kind. The individuals must be free to contract, to buy or sell their power to labor or merchandise on a free competitive market. The nation must have free trade. So the State, with its mania for conferring prescriptive monopolies and imposing rules and regulations, must be relegated to the role of a policeman on guard, ready to step in when anyone did not play the game according to Bentham et al.

If we visualize that era of comparatively small-sized production, a century and a half ago, before the invention of the power loom, the spinning jenny and the steam engine, we may realize how well-fitted that social philosophy was to the economic environment, and indeed was a direct product of it. Descriptively, it was true in fact to the economic life of that period and it also contained truth as a philosophic body of thought, in that it was itself, in its reflex action on the political life of the time a powerful aid in social development.

But, O' Time, the destroyer; thy dialectic destroys even philosophic systems designed for eternity.

The factory, the machine, the introduction of steam power, these were the agencies. They brought the credit-economy and the profit system into its full flower. They brought the factory hells, with women and children enslaved for twelve to fourteen and even more hours a day, until even the State was compelled at last to step in between the employee and the employer's self interest. It is interesting to note that some Utilitarians were so obsessed with the theory of non-interference that they bitterly opposed factory acts, although before this new era, the disciples were radicals and reformers.

I wish to show now why it is the capitalist and the workers hold the opposing views they do.

The owner of the industrial plant, brings to the problem his 18th century view of society as a "natural" order, and theories about self-interest, and the Rights of Property as philosophical concepts. But we are no longer in the 18th century. Small-sized production, with its purpose of livelihood, is gone and in its place we have large social production and profits for its purpose. The owners of industry no longer manage. This is left to salaried managers and production experts. The

owner possibly knows nothing of the industry, his sole interest in it being profit. Even if he is in business and is not merely a coupon clipper, he is concerned mostly with buying and selling, that is, the realizing of profits. The machine industry and credit-economy have torn from him his former moral justification, the welfare of the community, for his claim on the "natural" rights of property and the way of self-interest. Nevertheless, he does not think so, at any rate possession, is an estimable advantage.

Now for the point of view of Labor.

As an independent political force, Labor appears late on the scene of social affairs. In Great Britain, in 1848, the Chartists gave it its first outstanding expression. Gradually from that time on the movement has developed and is gradually shedding old ideological concepts and adopting new ones inspired by the very machine process of production itself. The old metaphysical concepts of natural rights are losing their force. The matter of fact materialistic way of looking at things, bred unconsciously into the worker by the machine process, is the reason why he sees production as a means to another end than profits. No glamor of metaphysical "natural" rights obscure his vision and prevents him from realizing that the end and purpose of production must be the welfare of the community.

The foregoing is intended to show how it is that the workers consider livelihood and the welfare of the community at large; must be the primary purpose of production. And how the capitalist considers profits, and the accumulation of wealth into a few hands, the primary purpose of production. Two irreconcilable points of view, based on irreconcilable interests, whose realization demands control of the forces of production. So far as the intellectual struggle between the contenders is concerned the capitalist justifies his control of production on ancient metaphysical "natural rights" dogma. And the workers challenge the capitalist's control, on the basis of the modern machine-process-inspired, hard matter-of-fact materialist logic.

Which shall prevail? The machine and the mechanical processes are but in their infancy.

THE ALLIED "COUP" IN HUNGARY.

The Hungarians have been saved from—the Hungarians by the British, French, Italian, American, Roumanian, Cheeko-Slovak, Serbian, Grecian, Austrian, German, and the native junker counter-revolutionary forces, and an Austro-German Archduke placed on the throne. Hurrah for self-determination, Hurrah for freedom, Hurrah for democracy. And a tiger.

While the Liberals are calling for an investigation on the "fixing" of the conscription election and of the overseas vote, they might also call for one on the part the Liberal press played in it. Nothing more barefaced has ever been pulled off. It is known that editorials and other matter supporting Laurier were actually pulled off the press and anti-Laurier stuff substituted.

AN OLD COMRADE.

Rochester, New York, July 12, 1919.

D. E. Batt, Secretary,

National Organization Committee,

Communist Party, 1221 Blue Island Ave., Chicago, Ill.

Dear Comrade:

At our regular meeting last night I was instructed to inform you that we indorse your call for a convention to be held in Chicago, September 1, to organize a Communist Party, and will send delegates to same.

Comradely yours,
C. M. O'BRIEN, Organizer,
Local Rochester, Socialist Party.