

Wages and High Prices in Russia

By M. BRONSKY.

ONE of the most important questions in the economic life of a country is that relating to the struggle against the high cost of living. The wages of the workers do not keep pace with the high cost of living which is moving forward with terrific speed. No matter how much wages are increased the price of the articles of prime necessity increase much more swiftly. The increase of wages is not moving parallel with the growth of high prices, but it moves by jumps, under the pressure of struggle, strikes, threats, and all sorts of administrative demands.

During the period of eight months of the bourgeois revolution in Russia, the workers obtained a number of changes in the scale of wages, and in this manner they met the high cost of living; they tried to insure themselves against a return to the old, terrible conditions of labor and wages by "tying" the capitalist with "regulations" for a definite period of time.

But the "regulative" contracts are of value only when the prices on the products of consumption are more or less stable. As soon, however, as this stability disappears, when prices on bread, meat, butter, wood, rooms, clothes, shoes, and other necessary articles are changed not daily but hourly, then these "regulative" contracts become obsolete and insufficient before the expiration of the time limit, and they appear to be only an obstacle in the struggle of the workers, rather than a weapon for curbing the capitalists. This brings a condition where, in spite of the contracts, the workers, here and there, demand an increase in wages in order to prevent their condition of life becoming worse.

It is clear, then, that to fight the high cost of living one must choose another path, and the increase of wages at the present time, a time of paper-currency, does not guarantee the worker from the high cost of living. The oftener the wage changes, the more influence it has on speculation, on the increase of merchandise prices and it would have required a most strict and exact regulation of fixed prices in order that the increase of wages should not effect, in its turn, the worker as a consumer, in the form of an avalanche of high prices on all products of consumption.

The increase in wages because of the paper-currency circulation, the tendency of a sudden drop in the rate of the rouble, does not increase proportionally its purchasing power. As a matter of fact, the continuous jump in the high cost of living is chiefly the result of the dropping in the value of the rouble. The other side of this drop in the value of the rouble is speculation, the struggle against which must go simultaneously with other means of fighting the high cost.

And to fight high prices one must proceed from two ends at once: by raising the value of the rouble, its stability, and, on the other end, by the increase of real wages.

It is necessary, in short, to try to make things so that one could get more products for a rouble and that wages should not only be given in paper tender, but represent real purchasing power.

It is clear that this program of fighting high prices cannot merely go on within the boundaries of one factory, or one city, but is an economic program on an all-Russian scale.

We have already pointed out that to raise the value of a rouble can be only achieved by increasing the mass of products in the merchandise market.

And this is why the rouble drops in its purchasing power, because having been forced to issue paper roubles during the war in great quantity, we at the same time used up a great mass of products in the war.

Even now we shall be compelled to issue paper money, but our economic problem is the production of merchandise, necessary not for war, but for the requirements of the country. If these hundreds of thousands of workmen who work in the war factories, will begin to produce products for consumption or machines, which lighten labor and increase the productivity of labor; if these millions of soldiers who are listed in the armies, will return to productive labor,—

then the value of the rouble will rise. For only then the supply of merchandise will be increased in comparison with the demand, only then will those who purchase products also be in some degree the producers of these products.

Thus, the most substantial means of fighting high prices, that is, to fight the decrease of the purchasing power of the rouble, is the increase of the country's productivity, by means of increase in the number of persons working on productive needs of the people's economy.

It is understood, that this path is long, and that one cannot expect in the near future apparent results. But this is the only path leading to the goal.

But the workers cannot wait. Their wage scale established a few months ago, can scarcely meet the systematic rise in the prices of products of first necessity.

It is necessary to take extraordinary measures in order, on the one hand, to safeguard the workers' families against a lack of products of prime necessity, and on the other hand, protect the country against industrial disorganization.

Especially now, political power is in the hand of the proletariat and peasantry, it would be folly and incompetence for the proletarian government to allow the closing of factories and plants, lockout and strikes, as a means of the economic struggle of the proletariat.

The strike is a method of struggle of the proletariat in bourgeois society, is a means of compelling the capitalists to make concessions, under the threat of holding up the source of profits—a method which costs the worker very dearly, and affects the whole of society. If the government now is in the hands of representatives of the working class, and if the class interests of the workers coincide with the interests of the whole of society, it would have been a crime on the part of the proletarian government to let the workers defend their interests by the costly and difficult way of strikes—the way of closing the factories.

We are face to face with the problem of solving the high cost of living from an absolutely different angle; owing to the unreality of the increase in wages it is necessary to provide the workers with these products which compose the greater part of expenditure in the budget of the workers's family.

In the first place are the expenses of subsistence: bread, meat, potatoes, butter, etc., further, the expenses for room rent, heating and lighting; then follow the expenses for clothing, shoes, underwear, etc.; and then expenses for cultural needs: schools, newspapers, books, medicines, etc. Thus, the nominal wage of the workers is divided into its component parts and must cover all the above-named expenses. If, instead, part of the money-wages is paid to the workers in products for which they spend their wages, and on the rest of the products to establish fixed prices,—then as a matter of fact the nominal rise of wages measured in roubles can be stopped, increasing its real power, and providing the workers with products of prime necessity. By organizing public restaurants for all categories of workers and their families, it is possible not only to lessen the burden on the workers' wives in preparing breakfasts, dinners and suppers (economy of labor and fuel); but it is possible to provide their subsistence and in fact to raise the purchasing power of that part of wages which is being spent for subsistence. The public lunch rooms which can be established at the factories, or in the working quarters, can actually increase wages materially, and not simply nominally in roubles.

In this manner could be solved the question of rent. Here, more radical means will have to be employed. The expenses for rent are going directly into the pockets of landlords who collect from the tenants the rents on the capital invested in building the house. This is one of the sources of the capitalist's profit, which less than anything else has the right to exist. The question of nationalization or municipalization of houses is a question of the near future. The mora-

torium on the rents is only a temporary measure and must give way to municipalization of the houses and State monopoly of the city real estate. By instituting socialization (municipalization) of houses, we, in this way, decrease that part of the wages which is being expended for rent. Simultaneously with this the income of city and State will be increased (rents considerably lessened go to the city and State treasures); in this way the city and the State will be able to put into life such institutions (free schools, dispensaries, theatres, museums and so forth), which, in their turn, absorb great sums from the wages of the workers.

Only in this way is it possible to fight the high cost of living.

As a necessary form of the transition period and as a means of fighting speculation, it is necessary to establish fixed prices not only on the chief products of food, but also on products of consumption in general.

In a word, the struggle against the high cost of living by the proletarian-peasant government cannot tread the old path of increasing the nominal wage, but it must follow the path of establishing a real wage by providing all the working masses with the necessary means of consumption.

The above article, from the *Moscow Pravda*, was evidently written just after the Soviet government was established in Russia. How to reduce prices has a different application when the proletariat control the powers of production.

Increase your production until there is an abundance of products for consumption and prices fall! Impossible under capitalism with profiteering in production, for the capitalist curtails production by closing down his industry and perhaps diverts his capital to other fields when prices fall to the point where the returns on capital are affected.

Premier Lenine, Trotsky, and other prominent Soviet officials, in their addresses to the workers, have always stressed on the absolute necessity of raising productive power as the primary solution to the Russian problem. From many sources we hear of their surprising success in the face of stupendous obstacles, externally and internally, which have been thrown in their way.

The following clipping from the *Vancouver Province* of December 24, may serve as an instance corroborating what other reports say:

REAL RESTORATION.

London, Dec. 24.—Capping a growing wave of suspicion, evidenced in the Liberal British press during the past month, the *New Statesman* today makes the sensational announcement that Bolsheviki, supported now by many former opponents, are effecting a real restoration of Russian order.

The *New Statesman*, far from being an organ of the extreme Radicals, is regarded as being a sober element with a large circulation among Liberal intellectuals.

The article has undoubtedly heightened the spreading impression that the full truth has not yet come out of Russia.

Agitation is increasing in favour of compelling the government to state explicitly its attitude toward Russia. It is now regarded as practically certain this agitation will result in President Wilson being urged to declare his stand in the Russian situation during his visit here.

INDUSTRIES STARTING.

"Order is more thoroughly re-established in Russia now than at any time since the fall of czarism," said the *New Statesman*. "Food distribution is better organized than at any time during the whole war. Factories are rapidly starting up again as fast as raw materials can be obtained. Management of the factories by committees failed for obvious reasons. Management by the soviets with consultative committees of employees has been substituted with growing success.