EDITORIAL

QUESTION NO. 4.

By DANIEL DE LEON

A CHICAGO correspondent inquires: “If the working class, as a class, secures a rise in wages, will not the capitalist class raise the prices of necessaries?”

The economic issues involved in the question are numerous. Taking up only the more salient ones these will have to be severally and separately considered, and then jointly, before an intelligent answer can be made.

I.

A rise in wages tends to increase the demand for necessaries, all the more, seeing the working class is at best pinched.

An increased demand tends to raise prices.

Considering these two principles jointly, the conclusion is that a rise in wages would be lost to the working class, not through any arbitrary act of the capitalist class, but through the action of the working class itself—the increased demand the latter would make upon the supply of necessaries.

This would be the result of a rise in wages—provided nothing else happened.

II.

Something else does happen:

An increase of prices that is not due to an increase in value, tends to turn capital into the more remunerative channels indicated by the increase in prices.

Capital, already invested in less remunerative channels, can not over night be turned into channels that have become more remunerative. The only capital ready to avail itself of the improved opportunities is capital lying idle. To the extent that such capital is available, it would speedily enter the more remunerative field as a
competitor.

A larger application of capital, especially competitive capital, in a certain field raises the supply of the goods.

An increased supply tends to lower prices.

Considering the principles under No. II jointly with those stated under No. I, the conclusion is that a rise in wages would at first be lost to the working class, but later, or eventually would be regained.

This, again, would be the conclusion—provided, again, nothing {else} happened.

III.

Something else does, again, happen.

So far, the issue has been considered as an abstract proposition in economics. Abstract principles, however valuable when practically applied, are an idle pastime otherwise. The abstract proposition considered under Nos. I and II receive practical qualification in the economic “lay of the land” in America.

What else is it that happens?

1. An unparalleled perfection in machinery, an unparalleled concentration of capital, and an unparalleled improvement in methods—all tending, on the one hand, to displace labor power in large numbers, and thereby lowering wages: on the other, to impart monopolistic powers to the capitalist class, thus enabling it to charge “all that the traffic will bear.”

2. An unparalleled stream of immigration (only just now and surely not permanently checked) tending to overstock the Labor Market still more, and impart still greater irresponsibility to the capitalist class.

3. And as a consequence of the above, the perturbing influences on the law of value, which one time were incidental, now extend over long lapses of time.

The immediate practical manifestations from the facts at bottom of the line of inquiry under head No. III will be found in recent price and wage lists. A few items tell the tale:

From 1891 to 1892, prices went DOWN two points, while wages went UP about half a point.—It would be a mistake to establish from this the principle that the wages go UP because the prices go DOWN.
From 1895 to 1896 wages went up fully two points, while prices did not begin to rise until after 1896.—It would likewise be a mistake to establish from this the principle that wages rise before prices do.

From 1892 to 1893 prices rose two points; during that interval wages remained stationary.—It would be a mistake to establish from this the principle that wages and prices do not affect each other.

Finally, taking a fourth typical instance from the wage and price list, from 1896 to 1898, prices rose four points and wages did not begin to rise until after 1898.—It would be likewise a mistake to establish from this the principle that prices rise before wages do.

These instances denote a cut-up state of affairs, from which the following summary may be drawn as summing up the situation affecting our correspondent’s question:

The capitalist class has the economic situation so well in hand that nothing can now be gained by the workers unless these make each gain the starting point for an immediate advance towards the next gain and so on—whether the gain be in wages or in treatment. It follows from this that the one thing to do is to organize the working class for the express purpose of overthrowing the Capitalist System, and establishing, taking and holding the industrial government of the land. This, in turn, means the unification of the proletariat in one political field [sic], and also in one integrally industrial organization to supplement the agitational propaganda of politics with the physical force needed to render the former effective.