

# Rationalization and the Crisis

by Jay Lovestone

*This is the second article in the series "Social and Economic Consequences of the World Crisis." The third article will appear next week.*

The present crisis creates for United States capitalism the problem of stabilization, socially, politically and economically. American capitalism, unlike British, French, German, Italian, etc., did not have a problem of stabilization after the war. American capitalism then escaped the problems and difficulties of stabilization particularly of its economy. In fact, the war even hastened and intensified the development of American capitalism. This phenomenon is to be accounted for by the differences in the development of American capitalism and European capitalism as well as by the specific role American imperialism played in the last war.

However, these differences, hitherto making for substantial advantages for Wall Street imperialism in the world arena, are now being eliminated by the crisis itself. As a result of this crisis, American capitalism is face to face with the problem of stabilization in an acute form. The position of the United States in the world arena will be very much weakened as a result of this crisis. This is true despite the fact that even in its weakened condition, I believe Yankee imperialism, relatively, will still maintain its hegemony. American imperialism in its very much weakened position will still be stronger than German, French, British or Japanese imperialism. The losses which the United States will suffer in the world market, in prestige as well as in trade, will be great, but this does not mean for one moment that the competition between the United States and other countries in the world market will be lowered. No, the opposite will follow. These very great losses will only sharpen the competition, deepen the antagonisms, make more acute the contradictions and conflicts amongst the biggest imperialist powers. United States imperialism will be in the center of all these conflicts and subject to their complications and difficulties more than ever before.

As a result of America's being weakened in the world market United States capitalism will have some of its most important economic bases seriously weakened. For instance, the capital market: One of the great sources of the corruption of a large section of the working class in America has been the capacity of American

finance capital to export huge quantities of capital and not only gather huge profits but, also for a time, thus serve as a stabilizer for European capitalism. Note the sadness and the preacher's ring in the significant remarks of Professor H. Parker Willis, one of America's greatest authorities on banking, when he writes of this phenomenon in the following fashion:

"We have tried the foolish experiment of providing out of our own pockets the funds with which peoples abroad paid us in cash for our goods. This we did presumably because we wished to sell the goods and could not bring ourselves to the point of accepting anything the foreign buyer could offer in payment. Are we now prepared not only to write off as lost the larger part of the funds we thus provided, but in addition, to forego the sale of our products abroad?" Evening Telegram, February 29, 1932.)

Significant understanding, indeed, on the part of a former Secretary of the Federal Reserve Board! Yet, Dr. Willis doesn't see the source of the trouble. It doesn't really depend on whether Morgan or Kahn or Lamont decides that it is going to be good or bad to export capital. Such an interpretation borders on silliness. In this relationship capital is like a child. It constantly cries for something when it wants it. Capital has one great want above all others—profit. When this want cannot be satisfied at home, capital will then be exported in order to overcome the insufficient domestic profits. Capital is thus exported especially when the home country cannot absorb all of it. The capital of the ruling class, then exported, becomes, as it were, emigrant capital.

Dr. Willis puts his finger on a very sore spot when he deals with the problem of repayment of this exported capital. The debtor countries must pay back and the only way in which they can repay is by selling goods at a profit. Of course, the only ones who can pay for goods are those who have the money, the very exporters of capital: the creditors. But here's the mess: Should the United States export capital and accept its repayment in commodities, then American capitalism would be in a very bad position. In the final analysis this would mean that American capitalism would be buying its commodities abroad to an increasing extent—purchasing only at the expense of its own industries for whose products the demand would then be, naturally, smaller. The rising tariff walls show clearly that American industrial cap-

ital is, for the sake of self-preservation, not prepared to allow further huge importation of foreign commodities, not to allow the further objective narrowing of the domestic market already very much constricted.

## Rationalization and Capitalism

For some time economists and politicians of the ruling class, the most conscious of them, of course, have worshipped at the shrine of rationalization. We're not speaking now of rationalization in a psychological sense. Economically speaking, the Germans were the ones who coined the word "rationalization". In this sense, when we speak of a system of economic rationalization we speak, generally and specifically, of the philosophy and practice of capitalist management and production known as Taylorism. In the United States we have spoken of it for years as scientific management, the elimination of waste, the speed-up, organization of the distribution system, etc. The German bourgeois thinkers and economists glorified this platform of the American Taylor Society with the name rationalization, meaning by rationalization the organization of industry and technique on a scientific or higher basis.

A decisive consequence of this crisis is the mounting evidence that under capitalism there can be no real rationalization of industry. Actually, the more capitalist rationalization of industry develops in detail in a particular field, in a particular trade or craft, the more capitalist industry as a whole, the capitalist system as such, develops and shows its inherent organic irrationalities. The very processes of which capitalist rationalization boasts so much, once completed, bring about the most irrational consequences in social and economic relations. Specifically, capitalist rationalization rests on the reduction of the use of the amount of labor power in relation to the volume of machinery: More machinery, less workers. Under capitalism the reduction of the volume of labor power means not the reduction of working time by the individual worker employed but, rather, the reduction of the number of workers employed in industry. Indeed, very often—at lengthened working time per individual worker.

For instance, it is a fact that even in an industry like coal, which is not so much rationalized, if it were operated from the point of view of social needs and not, as today, from the point of view of private profit for the individual operators, the number of coal miners now in the industry could produce all the coal the country needs by working only about four hours a day. This would mean practically no unemployment for any of the coal miners today in the industry. I have found in the hard coal fields, considered by many the "better section" of the coal industry, workers who put in five days in two months, twelve days in two months and three days in ten months. The companies are constantly announcing a lengthening of hours for those workers who manage to get a few days at coal digging in a few months. Taking advantage of the vast army of unemployed, the Anthracite coal corporations, dominated by the country's biggest railroads, have been forcing wage cut after wage cut on the anthracite coal diggers. The continued introduction of new electric coal-cutting machines further diminishes the army of occupation and further augments the army of no-occupation in the coal fields.

Then, in order to put thru all these rationalization schemes the companies in control of the mining industry, and in other industries, resort to another phase of rationalization: so-called industrial democracy. The workers are called together in various coal centers in the anthracite. They are then asked by the managers and foremen: "Do you want collieries A and B to continue?" And, of course, the men yell: "Sure." The local merchants join them and insist that coal operations must continue otherwise the town is ruined. Then the employers turn around and say: "In order to continue collieries A and B the following rules of employment must be accepted by the workers." With what results? The more rationalization that appears on the surface of capitalist technique, the more socially grotesque are the irrationalities arising. I asked a worker: "If you have worked only twelve days in two months how could you exist? Did you have enough money with which to buy even a bit of coal for yourself during the winter?" "No," was the answer. "Well, then where did you get your coal?" Then I was shown one of the highest points in this section of the Appalachians, a veritable mountain built up by the company itself pooling waste coal and rock. What a distortion of rationalization thru which those people who dig the coal freeze for it and bleed and torture their own children for it by having them, in the bitterest cold, go to this mountain top, to the artificially built mountain, for waste coal. The company considers it grants the workers a great privilege when it allows them to pick coal there. The contradictions are obvious: the greater the rationalization on the surface, the more acute the disequilibrium, the more painful the lack of equilibrium in the whole economic system.

Marx was no "prophet", as some liberals, who say they are organizing reading circles in Marx, now speak of him. He was a thinker, an organ-

## For Unity And Militancy In The Unions!

# THE CRISIS IN THE AMALGAMATED

## Statement Of The A.C.W. Progressive Circle

Last December, the New York Joint Board, at one of its sessions in which it discussed the problems of the New York organization, openly admitted its complete failure to conduct the moral and financial affairs of the organization. Undoubtedly, this collapse is due to the false course of the leadership—its class-collaboration policy of working with the bosses. The board further declared that it was no longer in a position to tackle the situation. It consequently decided to present the matter to the General Executive Board to solve the impending problem.

Shortly afterward the General Executive Board was called into session. The sessions began on Monday, February 1 and continued until Saturday, February 6. At this time we sent a declaration to the General Executive Board indicating the miserable conditions prevailing both in the trade and in the union, the suffering of the workers, the extremely weak morale of the union, the causes for these conditions. We placed the responsibility where it belonged and we also made some proposals which would improve conditions for the workers. Briefly, our suggestions were as follows: To amalgamate the existing local unions, such as operators, tailors, pressers, lapel-makers, button-hole makers and turners, both of the men's clothing trade and children's trade into one big trade local, with separate language sections; to abolish the unnecessary separate trade boards and trade managers and to place the union under the centralized control of one general managership; to reduce the force of paid official staff in proportion to the membership of the union and the number of shops and also in accordance with the financial income of the organization. If carried out, these proposals would undoubtedly give the union the financial possibility of doing organization work in the city and out-of-town and would avoid separate dealings of each and every official with the bosses, the making of individual policies and agreements. It would put a stop to reductions of wages and prices, to the throwing out of workers from the shops. It would halt the competition among the shops and would prevent the colossal shipment of bundles out of New York with the support of the Cutters Union. These proposals, if carried

thru, would unquestionably bring immense relief to the workers. In order for the entire trade in New York and out-of-town to be organized and placed under union control, it is necessary that all out-of-town local unions and shops be brought under the jurisdiction of and be financially controlled by the New York Joint Board, without any separate officials.

We also proposed the establishment of a definite, standard price for the garment in accordance with the different grades, that the prices for the various operations of the same grade in all the shops should be alike. This would certainly greatly decrease the competition of one shop with another.

We also drew the attention of the General Executive Board to the fact that elections of paid officials have not been held for the last two years and that the membership does not have any further confidence in the present officialdom, due to its incompetence, betrayals, and complete failure. On this ground, we proposed that elections be held as quickly as possible in order to raise the morale of the workers and win their respect for the organization lately sunk so low. We demanded that the G. E. B. should not continue under any circumstances the appointment of officials, basing such appointments on the power of one politician or another.

The G. E. B., studying the situation of the New York organization and of the trade, has, it seems, accepted a number of our proposals and has passed decisions which, altho far from being in accordance with our declaration and from meeting with the satisfaction of the membership, would, if enforced, improve conditions for the workers to a certain extent.

Four months have elapsed since the session of the General Executive Board. Let us now draw conclusions and see whether these decisions have been really carried thru and whether the conditions of the workers have been improved.

The situation in the New York organization and in the trade, despite the decisions of the General Executive Board session, has not only not improved but has gone from bad to worse. The chaotic conditions in the union have become extremely bad.

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y, June 19, 1932

# RATIONALIZATION AND THE CRISIS

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izer and an inspirer of the international working class. He understood and analyzed the working of the capitalist system, unraveled its "mysteries", exposed its inherent contradictions.

Estimating this nature of capitalism Marx wrote:

"The more productive capital grows, the more it extends the division of labor and the application of machinery; the more the division of labor and the application of machinery extend, the more does competition extend among the workers, the more do their wages shrink together." (Wage, Labor and Capital, p. 59).

Marx did not preach or prophesy that this was coming but on the basis of the laws of capitalist development, of the laws of economic evolution he could, years ago, foresee and understand the inevitable, that which we now so clearly observe. And Engels presents us with a detailed and composite picture of this process when he says:

"But these discoveries and inventions which supplant one another with ever-increasing speed, this productiveness of human labor which increases from day to day to unheard of proportions, at last gives rise to a conflict, in which present capitalistic economy must go to ruin. On the one hand immeasurable wealth and a superfluity of products with which the buyers cannot cope. On the other hand the great mass of society proletarianized, transformed into wage laborers and thereby disabled from appropriating to themselves the superfluity of products. The splitting up of society into a small class, inordinately rich, and a large class of wage laborers devoid of all property, brings it about that this society smothers in its own superfluity, while the great majority of its members are scarcely, or not at all, protected from extreme want. This condition becomes every day more absurd and more unnecessary. It must be got rid of; it can be got rid of. A new social order is possible, in which the class differences of to-day will have disappeared,

and in which—perhaps after a short transition period, which, tho somewhat deficient in other respects, will in any case be very useful morally. There will be the means of life, of the enjoyment of life and of the development and activity of all bodily and mental faculties thru the systematic use and further development of the enormous productive powers of society, which exist with us even now, with equal obligation upon all to work." (Introduction to "Wage-Labor and Capital," April 30, 1891).

The present economic crisis has substantiated the analyses and discovered brought into bold and painful relief eries of Marx and Engels. It has the irrationalities of capitalist rationalization: the essentially unscientific and chaotic character of capitalist methods with all their scientific management and efficiency.

## THE CRISIS IN THE AMALGAMATED

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The amalgamation of the local unions, which should be the fundamental basis for the functioning of the organization, has, with the exception of a few, not been put thru and the union is still functioning improperly. The paid official staff which was to be reduced, as agreed by the G. E. B., so that the organization should be placed on a strong financial basis, has not been reduced, with the exception of the removal of some legitimately elected officials, who were removed from the payroll and in whose place non-elected officials were put. This characterizes the "functioning" of the union.

The individual trade boards and their trade managers have not been abolished, altho in the beginning they were done away with. Afterwards