

# ISSUES:1

**A WAGE AND  
PRICE FREEZE**



# FOR CANADA?

WHY THE I.W.W. SAYS NO!

MOTHER EARTH PUBLISHERS



10 CENTS

**MOTHER EARTH PUBLISHERS**

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## PART 1: A Look At The Freeze

Canadian politicians, press and pundits recently have all been speaking out for a wage-and-price freeze for Canada.

We've heard B.C.'s Premier Bandit, Vancouver Province funnyman Eric Nicol, and Teamster labor faker Ed "Senator" Lawson lately all say they were in favor of it.

But, you say, if the politicians, the newspapers and the labor fakers are all in favor of something, isn't it a good thing? Don't we have inflation going on and isn't a wage and price freeze the best way to cure it?

I'm afraid not. Let's take a look at what a wage-and-price freeze really means. We'll start with wages:

### WAGE FREEZE

To begin with, the American workers who have been "enjoying" such a wage freeze point out that a wage freeze doesn't really freeze your

wages at all. It only stops them from going up. There have been many American workers who have found that their wages have dropped to zero in the middle of the freeze, because they've lost their jobs.

There's nothing in the wage freeze idea about job security. The trend in the U.S. as in Canada is toward more and more unemployment. And the wage-and-price freeze isn't halting that trend any.

Secondly, the wage freeze on jobs where a union contract is in effect amounts simply to giving more profits to the boss. Most union contracts specify that wage increases that have been won will be paid out a certain percentage per year (or per six months) over a certain number of years. For example, workers at a plant might have won a contract that promised them a twenty-cent-an-hour raise every six months for three years. Then the wage freeze is announced. The boss has figured his profits based on knowing that he will have to pay those twenty-cent-an-hour raises every six months for the next three years. Suddenly, thanks to the wage freeze, all that money he has budgeted to pay his workers can stay in his pockets.

Here's how the Industrial Worker, the monthly newspaper of the Industrial Workers of the World (the Wobblies), quoted a frank U.S. businessman writing in a Chicago paper:

"Richard Nixon has just stolen \$75,000 from my employees and put it in my pocket. I had already contracted to give my employees a raise. I had the money all budgeted and set aside. Now the President has ordered me not to give it to my employees but to keep it myself."

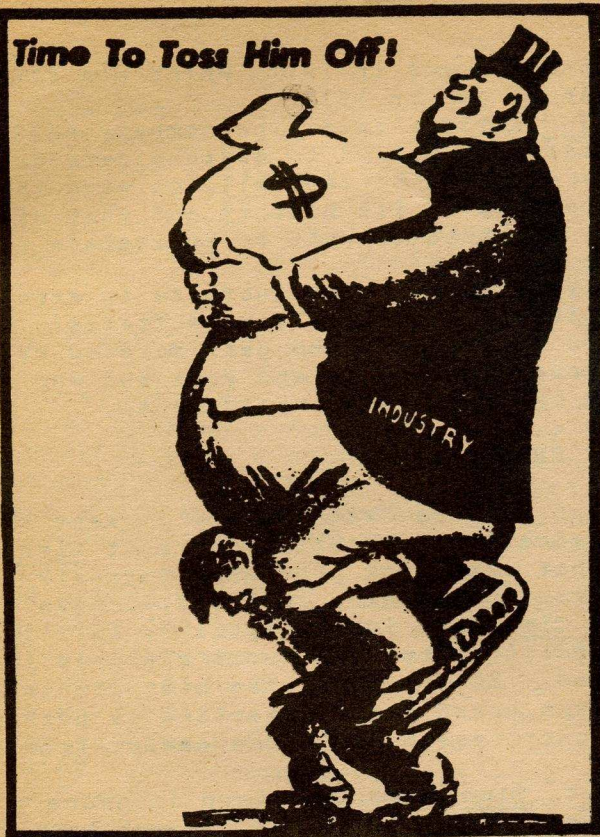
#### WHO'S FREEZING?

And let's look at just whose wages actually get frozen. The fact is, if you are a business executive, even if your salary is frozen you can get wage increases paid to you in the form of stocks. In fact, anybody owning a lot of stocks,

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## Time To Toss Him Off!



or with other investment income, can earn an increasing amount of money despite a wage freeze. This is especially true if the stocks rise in value during the freeze. And due to the general craziness of the stock exchange, stocks generally do rise in value when someone orders a wage-and-price freeze: because that's supposed to be a sign that somebody's doing something about inflation and so the economy is just about to pick up!

Just for a case in point, let's look at the executives of the Ford Motor Company. The wage freeze in the U.S. began in 1971. The Vancouver Sun on April 8, 1972 announced that Henry Ford II the chairman of the board, was paid \$689,000 in

salary and bonuses in 1971, which was \$189,000 more than he got in 1970.

The Sun article said: "The company said in a proxy statement mailed to shareholders Friday that its earnings of \$657 million were the second highest in its history and that officers' salaries and bonuses went up an average of 27 per cent."

Twenty-seven per cent increase in executives' wages! In the middle of a wage freeze! So it isn't too hard to see who gets screwed by a wage freeze (answer: me and you) and who isn't affected by it (answer: management).

#### PRICE FREEZE

So much for the "wage freeze". Want to look at the price freeze? Will you trust Time magazine, that crusading pro-labor journal?

The Price Commission in the U.S. hasn't done so well, Time says in its April 3, 1972 issue, since "utility rates and rents are only loosely controlled. As for food, the most crucial item of all, the board can do practically nothing because unprocessed foods are exempt from controls."

In fact, Time says, the leap in grocery prices for February of 1972 was the biggest monthly price increase in 14 years: "...almost 23 per cent at an annual rate." Food prices needless to say affect everybody. But they're likely to hit you and me harder with our income frozen at, say, \$3,000 to \$8,000 a year than they'll hurt the boss with only his income from salary frozen, and frozen a damn sight higher than ours.

Now all this is what happened to prices in America. Of course there's no guarantee that the same thing would happen if they tried a price freeze in Canada. But when you tangle with prices you tangle with the heart of capitalism, suh. And you can hardly expect a government like ours, so thoroughly influenced by big business, to be as diligent at restricting prices as they are at restricting working people's

ages. I'll bet anybody their unemployment, welfare or pension money that price controls in Canada will have about the same effect as they're having in the States. The price of things will continue to climb, and those of us living on frozen wages and fixed incomes will get screwed.

### WHY THEY SAY IT

Okay, okay, you say. If a wage-and-price freeze is so obviously just another way of pushing working people around and letting the boss make more money, why do all the politicians, newspapers and labor fakers keep pounding away at what a good thing this will be for the economy?

A good question m'boy. But go to the rear of the class. All this agitation is based on three false assumptions.

The first is that rising wages cause a rise in prices which causes inflation. The second is that wages have gone up but that workers' productivity hasn't gone up at the same rate, causing inflation. And the third false assumption is that since a few companies are maybe a teenyweeny bit too greedy for profits, price controls during a wage freeze will make sure that they don't make too much money during a wage freeze--which wouldn't be nice and might even cause just a little bit of inflation.

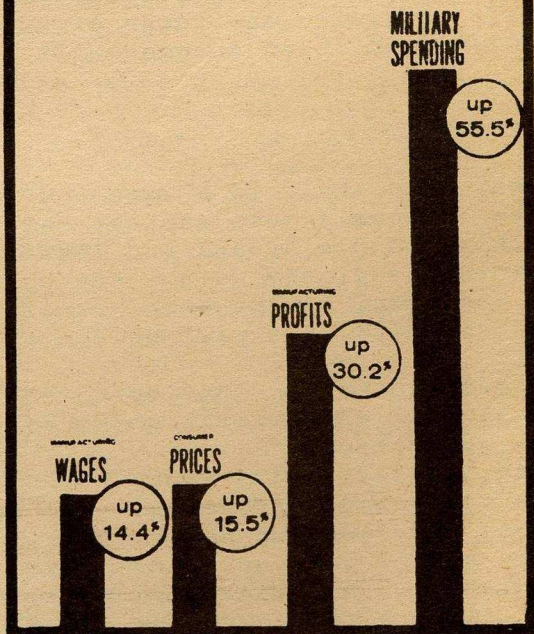
### THREE ANSWERS

First off, wages don't cause inflation. In the U.S., according to one survey, between 1965 and 1968 wages in the manufacturing industries rose only 14.4 per cent. At the same time, consumer prices rose 15.5 per cent. But profits in manufacturing meanwhile went up nearly twice as much, or 30.2 per cent! While military spending went up 55.5 per cent!!

These figures are for the U.S. for the years leading up to President Nixon's introduction of

# Who is responsible for inflation? 1965 - 1969

2nd Quarter



*Credit RU/REP*

a wage-and-price freeze. It should be pretty clear from this that right after military spending it's that old devil PROFITS that keeps going up and up. That's in the States, but I guess everyone knows by now how our economy is tied tighter to the U.S. economy than...well, let's just say that we're about each other's best customers. If America sneezes economically, we catch a cold in the nose.

But if anybody wants some Canadian figures, just consider a few corporate profits from last year. According to their figures, Canadian Tire Corp. had a boost in profits for 1971 which was up 24 per cent from 1970. And Canadian Industries

Ltd. (CIL) reported a 17 per cent hike in profits for 1971 over 1970. Okay, everybody whose wages went up 24 per cent in 1971 over 1970 raise your hand. HmMMMMMMMMMMMMMM.

The second screwball idea that gets tossed around is that "productivity" is not rising as fast as wages. This idea is based on the notion that at one time in the past, workers were fairly well paid for a day's wages, and ever since that wonderful mythical day in Canadian history, everyone should work harder to "earn" their increase in wages.

Ha!

The great fortunes in this country were made by grinding working people up in 10,12,14-hour days. Wages were so small that existence could be at best described as working, eating, sleeping, drinking and Sunday. Every gain in wages, hours, conditions, health and unemployment insurance that we have won since then had to be wrung out

Part of an article entitled "PAY BOARD WON'T CURB MILLIONAIRES", from the June 1972 issue of the Industrial Worker. The Pay Board is the U.S. government body supposedly overseeing the wage freeze.

Millionaires got hefty pay boosts last year. Here are a few examples:

\* Roche, who headed General Motors, raised his pay from that corporation by 219 per cent to \$838,750. Other income helped him eke out this pittance.

\* Borch, chairman of General Electric, got a raise of \$115,000 to bring his pay to \$450,000

\* Union Carbide's chairman Wilson climbed to \$263,333 for the year.

\* ITT's president went up from \$766,755 in 1970 to \$812,494 in 1971.

These are all leading citizens, actively fighting inflation, so you can rest assured they will not lavish it on street beggars

or their domestic servants or engage in similar inflationary activity.

These cheerful figures are taken from that sedate journal Business Week of May 6 which devotes several pages to listing similar success stories. In its summary by industry it estimates that executive remuneration in 1971 exceeded the 1970 figure by the following percentages:

Autos and parts	56.7%
Transportation	27.9%
Electrical equipment	25.5%

These exceed the 5.5% ceiling the Pay Board has assigned for wage increases. But where did you think what-you-could-have-got-but-didn't-get went?

of the boss with strikes, struggles, bloodshed. And even now, working people are supposed to "justify" their fight to get back from the boss a little more of the wealth they create by working.

We work eight hours a day and go home with \$24 in our \$2,000 cars to a \$12,000 house. And after 40 years of that we are living on a tiny pension. The boss hangs around the office for (maybe) eight hours and goes home with \$200 in his \$10,000 car to a \$100,000 house and after 40 years of that is still making \$50,000 a year from his share in the company or from his investments. But we should "work harder" if we want more of the money he takes from the products we make. Makes sense, doesn't it?

As for the theory that a price freeze controls profits, the figures I've already mentioned for the Ford Motor Company's takings for 1971 should be an indication of how well that concept works in practice. And lots of other U.S. corporations have been proud to announce their huge profits for wage-and-price freeze year 1971.

Of course, things could be different in any Canadian price freeze. And then again, pigs could be fitted with wings and used to carry the Royal Mail.

## PART 2: What Does Cause Inflation?

Alright, then, how do inflation and economic instability get started, if they aren't caused by workers' efforts to keep their wages rising to match inflation or even to get a larger share of what the boss steals from them?

If we want to look at that, at why money seems to be worth less year by year, we first have to look at money itself.

Money is simply "frozen work". That is, instead of you and me going to work for the butcher for an hour to pay for our hamburger, and then walking over to the bakery and sweeping up there for an hour to pay for a loaf or two of bread,

we do our work for somebody else (pumping gas or teaching school).

Then we are paid in the form of "frozen work". And we take our frozen labor to exchange it at the butcher's and baker's in return for meat and bread. The baker can take the money he makes and use it to get his car filled up with gasoline or his kids taught at school.

What could be simpler than that? Except that under capitalism two new alterations were applied to money that fouled the whole thing up.

## INTEREST

To begin with, the capitalists invented interest. That is, a capitalist can invest his money in a bank or business and get a return for his investment. He can put "frozen work" to work.

But how can frozen work do work? How can money create new money? The answer is, it can't. That money paid as interest has to be accounted for somehow, either by someone else's labor or by inflation. "Real" money will inflate, to try desperately to account for the impossibility of having "frozen work" do more work. As long as you have interest, as long as you have capitalism, there will always be inflation. Various other factors might affect the rate of inflation, but inflation itself seems inevitable. And so the whole system is unstable.

And just to add injury to insult, the rate of interest will be unstable too. Why should I get only 2 per cent as interest on my money? Why not try for 4 or 6 or 10 per cent? So interest rates (also affected by other factors) tend to fluctuate. It just doesn't seem to be possible to have a stable economic situation as long as you have capitalism.

## PROFIT

Profits, the heart of capitalism, are also a cause of inflation as we noted above when we

looked at how they continue to soar much higher and faster than wages. And profits also help to make sure the capitalist system is inherently unstable.

For example, one survey found that at Chrysler Corp., the average worker produces \$25,000 a year for the bosses (after deducting the costs of materials, tools and plant). But the worker is paid about 1/3 of that, the rest goes to support the bosses, pay dividends, try to account for some of the interest, etc. Most of the wealth that is produced by working people doesn't go to them.

As a result, working people can't pay for all of the products they have produced. And since the bosses are a minority, they can't buy up all the goods manufactured either. So, for the whole economy, goods tend to pile up and production slows down. Workers are laid off.

Of course, this doesn't happen overnight. We were supposed to have enjoyed some years of prosperity since World War II (though many working people might question that). But many people enjoyed using their wages (and going deeply into debt) to buy and consume large numbers of weird and wonderful gadgets and goodies---some essential (like homes) but many frivolous (though advertising always assures us they are fun).

Now, however, the cycle seems to be wearing thin again. As people are without work, they can't buy so much. So both production and unemployment employment keep decreasing until we have the current economic situation.

Some people like to try to blame foreign manufacturing for the economic problems of North America. It's true that many U.S. companies began to locate or buy into Japanese, South Korean, Nationalist Chinese and South Vietnamese firms as incredibly low wages, and no unions, made them seem attractive locations.

But the problems are still with the North American bosses. Unemployment is a problem in

**For Every Dollar the Boss Has**

**---And Didn't Work for**

**Theres a Slave Who Worked for a  
Dollar --- He Didn't Get!**

these countries too, suggesting that our problems are hardly based on Asian "good fortune" (though the kind of wages paid to Asian workers could not even remotely be considered a good fortune). And the problem faces the bosses at home: if you steal the value your workers' produce, they can't buy the trinkets you are making. American workers laid off by U.S. companies locating overseas can't pay for the radios, etc. that are made cheaply overseas. Thus the economy falters, and we all suffer from the capitalists' greed.

#### A DIVIDEND FREEZE?

But does this mean that as part of a wage-and-price freeze in Canada there should also be a freeze on dividends, interest, etc? That this will be effective? The trouble is, it's the same as with the proposed wage-and-price freeze. The boss class can and will control workers' wages. But when it comes to making money themselves, there just doesn't seem to be a way to curb it.

Corporations can split stock two for one, and then if they pay only three-quarters as big a dividend per share they are still raising the dividends paid per share by fifty per cent. And if that dodge is stopped, what would go as



TWO CAN PLAY THIS "FREEZING" GAME

dividends or profits can go to improve plant or boost working capital, which again makes shares worth more (which again is a raise to those who have lots of shares).

Interest itself is the problem, not a given rate of interest, even if the rate is frozen. And the banks are notorious for their service charges, which can be slapped on those banking functions which don't already have them if the bank feels inconvenienced by any freezing of interest rates. Once again, you and I pay while it's "business as usual" for the bosses during the "limitations" of a freeze.

And in any case, says the Industrial Worker: "It makes no difference to us workers how factory owners and bankers split and eat the pie we bake and hand over to them. Our fight is with this entire class that lives off our labor."

### PART 3: We Can Fight It!

And yet, despite the obvious stupidity of implementing a wage-and-price freeze in Canada, we hear the idea suggested from every side. We know that the only effect will be to further screw working people, while the rich will continue to get richer. But who will speak out against it?

Will the politicians? It seems clear that those politicians who aren't actively in favor of such a freeze are unlikely to struggle very hard against it. But then again, if you and I had our wages frozen at their salaries, we wouldn't be too upset about the idea either.

Will the labor fakery fight a freeze? Ed Lawson of the Teamsters has already said that his union will stand behind such a wonderful solution to the economic problem. But then, if you were getting Ed Lawson's salary, you might think a wage freeze wasn't such a hardship. As for Ray Haynes and his merry porkchoppers at the B.C. Federation of Labor (who also aren't exactly poor), we expect their plan of attack will go something like this:

First, they'll hold a big rally and make lots of speeches about how they are 'really going to fight this thing. Then, when the hot air blows away, they'll announce that, as a test case, they're going to raise their own salaries. That will show the government.

Who knows, Haynes and Co. might even go to jail for three months for violating the new laws (on full salaries, of course). In jail, they can do as much organizing and general good for the labor movement as they ever do outside. Then they'll emerge, burp once or twice, and announce that well, boys, we tried to fight it. But I guess we lost. And they'll go home and keep on drawing their increased salaries.

#### YOU AND ME AND THE I.W.W.

I'm afraid it's up to you and me to fight this, buddy. As the Wobblies say in the Preamble to their Constitution, there's a struggle going on between working people and bosses of all kinds everywhere. And that fight will go on "until the workers of the world organize as a class, take possession of the earth and the machinery of production and abolish the wage system."

Is the I.W.W. the answer? We think it is. The Wobblies are the only trade union that is committed to economic on-the-job action to defend labor rather than chasing after the elusive cloud of political action.

We know, and we know that most working people understand, that it isn't the working man or woman making \$3 an hour or less (as most working people do in Canada) who is responsible for the bosses' failure to provide a stable economy. And we know that it is people like this, like us, who are going to suffer most during a wage freeze while the bosses benefit.

At the same time, we know that the bosses have taken a good look at the state of unions and union education in this country. They know

from the salaries most labor fakery are getting that the union bosses are on their side, in the crunch. They know they have nothing to fear But hot air from these "union" men--or at worst, maybe, a plea that maybe their membership should vote for some NDP candidates, maybe.

We know votes aren't going to solve this problem. The only possible answer to a wage freeze is a work freeze: the general strike on the job. That's how to give the bosses due value for this newest theft of what we produce.

But before this can happen, there's a massive job of Education that needs doing, and that the labor fakery's press won't do. There's a job of Organization: making union men and women out of union card holders, and building the One Big Union of all Canadian workers.

Those are two of the three stars of the I.W.W.'s platform: Education, Organization, Emancipation. As the bosses begin their propaganda toward a wage-and-price freeze, we've



got to continue our task of striving for Emancipation not only from the freeze, but from the entire wage system of capitalism.

As long as we think like the boss, and believe his politicians and his newspapers and his labor fakers, we're going to get exactly what the boss wants to give us. And what the boss wants to give us, as seen lately in the huge and cry for a wage-and-price freeze in Canada is:

- 1) as little as possible, and
- 2) the shaft.

WON'T YOU JOIN US?

# Preamble of the Industrial Workers of the World

The working class and the employing class have nothing in common. There can be no peace so long as hunger and want are found among millions of working people and the few, who make up the employing class, have all the good things of life.

Between these two classes a struggle must go on until the workers of the world organize as a class, take possession of the earth and the machinery of production, and abolish the wage system.

We find that the centering of the management of industries into fewer and fewer hands makes the trade unions unable to cope with the ever growing power of the employing class. The trade unions foster a state of affairs which allows one set of workers to be pitted against another set of workers in the same industry, thereby helping defeat one another in wage wars. Moreover, the trade unions aid the employing class to mislead the workers into the belief that the working class have interests in common with their employers.

These conditions can be changed and the interest of the working class upheld only by an organization formed in such a way that all its members in any one industry, or in all industries if necessary, cease work whenever a strike or lockout is on in any department thereof, thus making an injury to one an injury to all.

Instead of the conservative motto, "A fair day's wage for a fair day's work," we must inscribe on our banner the revolutionary watchword, "Abolition of the wage system."

It is the historic mission of the working class to do away with capitalism. The army of production must be organized, not only for the every-day struggle with capitalists, but also to carry on production when capitalism shall have been overthrown. By organizing industrially we are forming the structure of the new society within the shell of the old.





## DOES IT HAVE TO BE THIS WAY FOR CANADA?

More and more Canadians are finding that it's the "garbage can" of unemployment, welfare, and low-paying jobs that lies at the end of the rainbow of our apparent "prosperity".

But is a WAGE-AND-PRICE FREEZE the answer to inflation and Canada's other economic ills?

This booklet, written by members of the Canadian Administration of the I.W.W. examines the question of the proposed freeze from the viewpoint of the Canadian wage earner. The conclusion? A wage-and-price freeze only benefits the boss, and is no solution to inflation or anything else...