

# Fourth International

## **The Great Strike Wave and Its Significance**

*By E. R. Frank*

### **American Imperialism— At Home and Abroad**

*By William Simmons*

***Articles on Full Employment and Keynes' Economics—  
Revolutionary Developments in India—  
The Auto Union Convention***

*May 1946*

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## Manager's Column

As we go to press the F. I. campaign for 500 new 6-month subscribers is well under way. As the scoreboard shows, we have fulfilled 26 percent of our quota in the first two weeks of the 2-month campaign. The optimistic letters from F. I. campaign directors in cities from coast to coast testify to the fine spirit in which this campaign is being conducted. These directors feel that the quotas will be met and in many cases exceeded. That this campaign fills a long felt need is also borne out in the letters received with acceptances of quotas. For instance, L. Lynn, Minneapolis Campaign Director, writes: "We think the idea of an F. I. sub campaign an excellent one. A number of trial subscribers, who subscribed to *The Militant* in the past campaigns, have renewed their subscriptions and we believe this will be a good field to work in to get F. I. subs. We had intended doing this before the campaign was launched and are confident that now it has been put on a campaign basis, we will be able to make even a better showing."

Here is the scoreboard for the first two weeks of our campaign:

### SCOREBOARD

City	Quota	Subs	Percent
Milwaukee	5	8	160
Newark	20	15	75
Boston	10	5	50
Akron	10	5	50
Philadelphia	20	9	45
Baltimore	5	2	40
New York	100	36	36
San Francisco	25	8	32
Bayonne	10	3	30
Connecticut	10	3	30
Chicago	50	14	28
San Diego	5	1	20
Minneapolis	25	5	20
St. Louis	5	1	20
Buffalo	20	4	20
Youngstown	20	3	15
Pittsburgh	15	2	13
Los Angeles	60	8	13
Cleveland	10	1	10
Allentown-			
Bethlehem	5	0	0
Detroit	40	0	0
Flint	10	0	0
Reading	5	0	0
St. Paul	10	0	0
Seattle	20	0	0
Tacoma	5	0	0
Toledo	10	0	0
General		5	0
Total	530	138	26

Milwaukee is the first city to obtain not only its quota but to go over the top with 160 percent. Carol

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Managing Editor: E. R. FRANK

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Andrews, Milwaukee Campaign Director writes: "You see that we have gone above the proposed quota and were able to make it within the first week of the campaign." Congratulations to Milwaukee on this fine showing! We hope that by the end of the campaign, Milwaukee will reach 200 percent.

Ten of the subs which bring Newark to second place on the scoreboard are \$2.50 one year combination subscriptions to *The Militant* and *Fourth International*. Jack Reed, Campaign Director, has been featuring our combination offer to F. I. readers in Newark.

Buffalo has the most fire under it in this campaign, having been challenged by two other cities with a quota of 20. From Youngstown's Campaign Director Mark Farrell come these words: "We intend to achieve our quota of 20 and we challenge Buffalo to socialist competition. The terms of the challenge are that we reach our goal of 20 new F. I. subscribers before they do." Of the two steel cities, Buffalo has the lead by one sub. Philadelphia, another 20-quota city, through Campaign Director Herbert Newell, has also challenged Buffalo. So far, Philadelphia, with 45 percent of its quota, is leading in this field. Di-

rector Newell is quite confident of keeping the lead. He writes: "Philadelphia wishes to issue a challenge to any city that has a 20 sub quota. I am especially interested in having a comradely contest with Buffalo."

L. Lynn, Minneapolis Campaign Director, sent us a copy of the challenge which he sent to San Francisco. "In the Manager's Column of the April *Fourth International* with regard to the subscription campaign, the following appeared: 'Likewise, Minneapolis and San Francisco will possibly toss down the gauntlet to each other to see which goes over the top first.'

"In order to make it official, we hereby notify you that Minneapolis has decided to issue a challenge to your city in this campaign. Naturally we are very much interested in this campaign and particularly since we have the opportunity to challenge San Francisco. We mean to retain our political prestige which we have always held in the past period, and are going to muster all of our forces—and we have, of course, very great forces to bring into this campaign—in order to come out victorious.

"We want to give you a little advance warning: It will be necessary on your part to muster all of your

forces too, first, in an attempt to beat Minneapolis (we know you will try hard) and second, at least not to be shown up too badly." Again, the challenged leads the challenger. We haven't seen Campaign Director Anne Alexander's answer to Minneapolis, but knowing the past energy of this city in sub getting we expect it will come in the form of a batch of subs.

We would like to see some takers for Akron's challenge. Milt Alvin writes: "If anyone wants to challenge us, we'll take them on." This would apply to Boston, Bayonne, Cleveland, Flint or Toledo, each with a similar quota of 10.

Here are some extracts from letters which have accompanied subs: Los Angeles, Al Lynn, Campaign Director: "I am quite sure that we will easily go over the quota of 60 for Los Angeles and I enclose the first two with this letter."

Chicago, Clara Kaye: "We find selling these subs relatively easy, inasmuch as most people read the F. I. and buy it monthly and just never got around to subscribing for any period of time."

San Francisco, Anne Alexander: "Enclosed is \$8.50 for six subs: two 6-month, on a year and three combinations. This brings our total subs to eight; 32 percent of our quota. It is a fair percentage, I think, after only two weeks of the campaign."

Pittsburgh, Ruth Massey: "Our decision is to up our quota from 5 to 15. We are all in complete agreement with the motivation of the campaign. I know you will be glad to hear that we have 50 percent of our quota right now (these not yet received, so not shown on scoreboard, Bus. Mgr.). We too feel that it's 'in the bag.' And of course we are sending out our challenge to cities who *think* they can beat us. I mean those cities with same quota as we have accepted, 15." Although Pittsburgh has the only quota of 15, this city has been challenged by Connecticut in the following terms: "Connecticut wishes to raise its quota from 5 to 10. We welcome socialist competition from any city that wants to take us on. How's about it, Pittsburgh?" B. Singer, Campaign Director.

Agents in cities where no quota was assigned have been sending us new 6-month subs. Joyce Hesser, Portland, writes: "We see that we have no quota in the F. I. subscription campaign. Nevertheless we will do our best to send in some subs. We have some contacts who are good possibilities. We would like to challenge any other city without a quota." Baltimore has taken a quota of five subs, but we feel this city should accept Portland's challenge.

# FOURTH INTERNATIONAL

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## REVIEW OF THE MONTH

### *The Decisive Gain of May Day 1946—Bolshevik Policy Vs. Stalinist Policy in Persia—The Crisis Of British Imperialism*

#### May Day 1946



This year brings the sixtieth anniversary of May Day, the international working class holiday. Workers everywhere celebrate it in a world where military hostilities have ceased but where no peace has come.

For the first time in years, serried ranks of labor once again mobilize in the streets of most of the major cities of Europe. There is scarcely a city that is not indelibly scarred by the second imperialist war. Countless workers march amid debris and ruins that must still be cleared away. In Germany, in Austria, in Hungary, in Poland, in the Balkans and other occupied areas, the workers celebrate their holiday of action and solidarity under the bayonets of the "democratic" imperialists on the one hand, and the Kremlin's military detachments, on the other. Within the Soviet Union the Stalinist betrayers of Bolshevism, once more stage their hollow and cynical ceremonial parades, suspended during the war years.

It is the grimmest "peacetime" May Day in Europe's history. As a direct consequence of the war, and further aggravated by the deliberate policies of the imperialists and their Kremlin "ally," famine and disease will on this day also exact their heavy toll, threatening in the end to destroy more millions than the war had devoured.

But the spirit of the class has not been crushed by all the sufferings and horrors. The will to struggle has not and will not be destroyed. The workers are resuming their march, and with them marches Europe's only hope of rehabilitation and salvation.

#### CLASS SPIRIT STILL LIVES

No less dire is the plight of the peoples of Asia who are seething with revolt likewise amid war ruins, imperialist oppression and man-made famine. They face hungry death by the tens of millions. They too can pin their hopes of liberation

only upon the colonial detachments of the proletariat who celebrate this May Day in the cities of Japan, China, India and throughout the Orient.

Together with the workers of all the continents, the giant American working class participates in this traditional holiday amid the threats of the Washington-Wall Street rulers to precipitate another world war. A stride toward this frightful catastrophe has already been taken during the current unbridled propaganda campaign against the USSR. Let there be no illusions on this score! The imperialist war-mongers will not rest content with wresting isolated concessions from the Kremlin. They are out to destroy at any cost the Soviet Union, which even as a profoundly degenerated workers' state represents a social system incompatible with capitalism, and which is an intolerable obstacle in the way of Wall Street's progress toward unchallenged world domination.

History has never seen a more self-confident, arrogant, brutal, power-drunk and ruthless bourgeoisie than that of the United States. The speed at which they are moving toward war is indicated by the unprecedented peacetime measures they are jamming through Congress under cover of the initial barrage of propaganda, namely: 1) the extension of the presidential wartime powers; 2) the perpetuation of military control of the atomic bomb; 3) the extension of the draft; 4) the introduction of universal military training.

The character and role of the American bourgeoisie impose the greatest responsibilities upon the American working class. It is the youngest and strongest section of the world proletariat. It has never suffered a major defeat. If the American bourgeoisie is the richest and most powerful in the world, it is exclusively because all its wealth and power derives directly from the workers. This dependence was amply demonstrated during the recent great strike struggles when the basic plants were shut down and stayed shut from one end of the country to the other. Given its own independent political organization, given its own class program, what miracles can this working class not achieve! The only power that can halt the next war is the power of the American workers in alliance with their brothers abroad. Therein lies the hope of mankind.

#### REVOLUTIONISTS STILL IN MINORITY

The masses of workers in this country as well as abroad do not as yet follow a revolutionary leadership. Virtually everywhere the celebrations this May Day take place overwhelmingly under the banners of the misleaders and betrayers of the

struggle for socialism. Stalinists, reformists, Laborite flunkeys of British imperialism, trade-union footmen of American imperialism, etc., etc., continue to dominate the scene in their respective countries. This absence of mass revolutionary parties provides vacillators, fainthearts and petty-bourgeois impressionists with a convenient pretext for deserting the struggle. But the workers and the agonized peoples of the world cannot find either solace or refuge in skepticism, pessimism or cynicism. They must continue to struggle; they must continue to seek the revolutionary way out.

A revolutionary mass party cannot be sucked out of any one's thumb. It must be built by the workers themselves. This takes time. It took Lenin and his co-thinkers thirty years to build the Bolshevik party, the only party that proved capable of leading workers to victory. Moreover, it is extremely difficult to build mass revolutionary parties under conditions of defeat. One pays for defeats in politics as in war. With the defeat of the 1905 revolution, Lenin's party in Russia dwindled to a mere handful. During the years of reaction (1907-12) Lenin found himself almost hermetically isolated in exile.

The defeat of 1905 never assumed the proportions of any single defeat in the catastrophic chain of defeats suffered by the working class from 1923 right up to the outbreak of the war: The defeat of the German revolution in 1923, the defeat of the Chinese revolution in 1925-27, the assumption of power by Hitler in Germany in 1933, Franco's victory in the Spanish civil war. Each of these defeats dealt the heaviest blows to the revolutionary vanguard, tending to still further isolate it.

The war came as the most terrible defeat of all. Who could possibly expect to build a mass revolutionary party in the very course of the war? Had the Trotskyist movement, the most viciously persecuted vanguard in labor history, come out weakened by the war, it would have been hardly surprising. However, just the opposite happened.

## THE DECISIVE LABOR GAIN

The most important—and in the final analysis the decisive—gain which the world working class records on this May Day is the emergence of much stronger Trotskyist parties in country after country. The Fourth International proved capable of withstanding the unprecedented test of 16 consecutive years of defeats in peacetime (1923-39) followed by more than six years of war. In Greece, in Belgium, in France, in Germany, in Austria, in Holland the ranks of the Trotskyists were decimated, first, by the Gestapo and then the GPU. But the parties not only survived, but are growing. In Italy, after two decades of Mussolini's rule, a new Trotskyist movement has risen.

Sections of the Fourth International exist in England and in the colonies, India, China, Indo-China and Indonesia. It is well represented in the countries of Latin America, with sections in Chile, Cuba, Mexico, and groups in Argentina, Brazil, Uruguay, etc. There are Trotskyist organizations in Egypt, Palestine, South Africa, Australia and Canada. And right in the bastion of world imperialism is the growing organization of the Socialist Workers Party, which, while it does not belong to the Fourth International, still remains true and continues the struggle for the principles of Trotskyism.

The only movement that held world gatherings on the eve of the war, and following its outbreak, was the Trotskyist movement (Founding Congress of the Fourth International in 1938, Emergency Congress in 1940). The Fourth International demonstrated its viability when in the very midst of the war, under the noses

of the Gestapo, it convened a European Conference in February 1944. All these facts augur well for its future successes.

## CONFIDENT OF TOMORROW

We are confident of tomorrow. Because together with our great teachers we believe that the working class in America, as well as the workers throughout the world, will prove wholly capable of building a revolutionary party as did the Russian workers. We are confident of tomorrow. Because together with our great teachers we understand the unconditional necessity—the inevitability—of the proletarian revolution.

## Stalin and Iran

The abyss that separates the Soviet regime under Lenin and Trotsky from the unbridled rule of the counter-revolutionary Stalinist oligarchy is graphically illustrated in the case of Iran, which provided the immediate pretext for the anti-Soviet campaign of the warmongers in Washington and Wall Street. Stalin's policies play into the hands of the imperialists, for these policies represent a return to the methods and practices of Czarism.

Czarism trampled underfoot the right of self-determination of nations. It employed its troops and preponderance to extort concessions and privileges. One of the main arenas of Czarist activity was Persia (Iran). By an agreement with England in 1907 this country was divided into two spheres of influence: northern Persia, including Teheran, was the Czarist preserve; a thin strip through the center constituted a kind of buffer, and the remainder of the territory fell to the portion of Great Britain.

One of the first actions of the young Soviet Republic was to demonstrate in public its complete break with Czarist policies. This was done by publishing the secret treaties concluded by Czarist Russia and its imperialist allies, and by voluntarily giving up Czarist booty and prerogatives. The case of Persia (Iran) was singled out by the Bolsheviks because some of the most flagrant depredations of Russian imperialism were committed there.

## BOLSHEVIK POLICY IN PERSIA

On January 16, 1918, the government newspaper *Izvestia* carried the text of a formal note, announcing the abrogation of all Russian claims in Persia that infringed the rights of Persian self-determination. Henceforth the relationship between the two countries, it was proclaimed, would be based "upon a free agreement and mutual respect among nations."

A year later, in the midst of the Civil War, the Soviets reaffirmed their stand: "Russia once and for all renounces the predatory policy toward Persia adopted by the former imperialistic Governments of Russia."

At the conclusion of the Civil War, after the defeat of imperialist intervention and internal counter-revolution, it became possible to formalize this stand in a treaty, which was ratified on February 26, 1921. The great prestige of the Soviet Union in the Middle East and among the colonial peoples came in large measure as a result of this Russo-Persian Treaty. It created consternation among the imperialists. Referring to it, years later, an American historian, Professor Dennis, wrote:

It is a remarkable document; half of it is Soviet propaganda and the other half a notable charter of Persian liberties.

The clauses referred to by the professor as "Soviet propaganda" were, as a matter of fact, a forthright declaration of the revolutionary foreign policy of a workers' state. The gist of it is contained in the first two clauses. After reaffirming its previous declarations (of January 16, 1918 and June 26, 1919), the Soviet Government then included the following clause:

The Government of the Russian Socialist Federated Soviet Republics brands as criminal the policy of the Government of Czarist Russia, which, without the agreement of the peoples of Asia and under the guise of assuring the independence of these peoples, concluded with other states of Europe treaties concerning the East which had as their ultimate object its gradual seizure. The Government of the RSFSR [the official designation of the USSR at the time] unconditionally rejects this criminal policy as not only violating the sovereignty of the States of Asia, but also leading to organized brutal violence of European robbers on the living body of the peoples of the East.

By the terms of the treaty Persia (Iran) came into possession of all the installations in its ports, including the ships, since all Czarist "rights" to these were surrendered. The Soviet Government transferred to Persia not only all the roads and railways but also the telegraph and telephone lines erected and held by Czarism. What caused the greatest grinding of teeth among the monopoly capitalists throughout the world was the outright transfer of the Russian-owned Bank of Persia to the native authorities, and the cancellation of all Czarist loans.

In its turn the Government of Persia bound itself not to cede the concessions and property "returned in fulfillment of the present treaty to any third Power or its citizens, as property, or for disposal or use, but to retain all rights connected therewith for the benefit of the people of Persia."

This treaty was approved by not only Lenin and Trotsky, but also by Stalin who held the post of Commissar of Nationalities at the time. This treaty subsequently served as the model for agreements with other countries (Turkey, China, etc.).

**LENIN AND TROTSKY  
VERSUS STALIN**

Thus the very policy that was "unconditionally rejected" and branded as *criminal* in the days of Lenin has now become the practice under the regime of Stalin.

If the bitterest enemy of the Soviet Union sought to devise an effective way of alienating from it the sympathies of the peoples of the Middle East and the colonies, he could not devise a more effective course than the one pursued by the Kremlin, under Stalin, in the case of Iran.

## The British Crisis

More than two decades ago, in 1925, Leon Trotsky wrote a book, *Whither England*, in which he predicted the downfall of the British empire. The prime factor, speeding England along the road of capitalist disintegration, Trotsky pointed out, was the rise of the United States to world power:

The powerful and constantly growing influence of the United States on world affairs is rendering more and more impossible and hopeless the situation of British industry, British trade, British finances, and British diplomacy.

The rulers of England, still flushed at the time with their victory over Germany in the First World War, pretended to be greatly amused by this prognosis. Even during the Second

World War they proclaimed that no power in the world would liquidate their empire. With the negotiation of the American loan, however, the authoritative spokesmen of the British bourgeoisie are beginning to sing a different tune.

England's financial dependence on Wall Street has already gone far beyond London's loss of its former functions as the world's banking center. Not only has that position been irretrievably lost, but an increasing financial dependence upon the American bankers remains the only possible perspective.

## BRITAIN NOW A DEBTOR

After the war of 1914-18 England, although greatly weakened, still retained her position as one of the world's creditor countries. She is now a debtor country, obliged to incur bigger and bigger debts to achieve even a temporary stabilization. In addition to massive foreign debts, the country's economic life is staggering under the load of an unprecedented domestic debt. The interest or "carrying charges" on the internal and foreign debt must in the last analysis be borne by industry, increasing its costs, and impairing its ability to compete on the world market.

At the height of her world power in 1914, England's domestic debt was 706 million pounds (\$3.5 billion). This debt increased more than tenfold as a result of the First World War, rising to 7.5 billion pounds (\$37.5 billion) in 1919. Despite her then position as creditor country, the weight of this internal burden made it impossible for England to hold her former position on the world market. Her export trade continued to decline. From an annual average of 800 million pounds (\$4 billion) in 1918-29 it dropped to an average of 500 million pounds (\$2.5 billion) in 1929-36, or almost one-third.

Today, as a debtor country, England is carrying an internal debt-load that is thirty times greater than in 1914. According to official figures, her internal debt in 1945 reached the astronomical sum of 22.5 billion pounds, or more than \$100 billion. Proportionately this is a heavier burden than the people of this country are being asked to carry, because England has only one-third the population, is vastly poorer, and has a far weaker industrial apparatus. We leave aside the fact that England's budget remains hopelessly unbalanced, with deficits running into billions annually, with no prospect of immediate amelioration; and that the maintenance of a huge military machine constitutes an additional drain on the country's economic life. Assuming that the internal conditions can be stabilized, what are the prospects? England cannot hope to regain even the positions to which she dropped in the years of world depression (1929-36). This is acknowledged today by the most authoritative spokesmen in England, in particular by the foremost bourgeois economic periodical in the world, the *London Economist*.

Its leading editorial, December 22, 1945, states:

The economic consequences depend *entirely* upon whether or not British exports can be expanded by the requisite amount—to 175 percent of the 1938 volume—by the time the line of credit in America is exhausted. If they can then all will be well. (Our emphasis.)

In other words, here we have the most *hopeful* perspective for English capitalism. What does it mean for the people of England? We yield the floor to the same authority:

If the national accounts can be balanced off by an expansion of exports, we shall at least be no worse off than in the years of the Great Depression.

The lowest levels to which modern England sunk in peace-

time are thus offered to her people as the *best* perspectives in the postwar world. And even this is not at all guaranteed:

It is not an impossible picture. But it will be immensely difficult to achieve.

As we shall presently see, even this abysmal goal is beyond the powers of the British imperialists, precisely for the reason adduced, by Trotsky in 1925.

Let us note in the first place that England's financial dependence on her trans-Atlantic rival has already reached the stage where there cannot even be talk of stabilizing her economic life on a capitalist basis without "the line of credit in America." Small wonder, Congress is in no hurry to approve the loan without which capitalist England could not avert immediate bankruptcy. The insolvent debtor is thus being acclimated to his condition of permanent dependency.

### ONLY A BREATHING SPELL

With the American loan, British imperialism gains a breathing spell. But not a long one. "Clearly," says the *Economist*, "the (American)

credit will not last very long; zero hour cannot be very far distant."

Everything hinges on the immediate and swift expansion of exports. "The job has to be done by the time the line of credit is exhausted, for if it is not, the only recourse will be to further borrowings, which if possible at all, would involve further humiliations."

Let us look a little more closely at the "job" which these bankrupts hope to accomplish before the "zero hour," that is, before they accept, without demurring, their position of complete subserviency ("further humiliations") to American capitalism. The total value of British exports in 1938 was 470 million pounds, the specified 75 percent increase would bring it up to 822 million pounds. In the past, this figure was not only reached but frequently surpassed. Today it is the height of aspiration. So far as the exports of food and raw materials are concerned, there is no pretence that any gains can be secured. "Food and raw materials, so far from contributing to the necessary increase in exports, may very well be less than they were," admits the *Economist*. In 1938 these two categories constituted one-fourth of English exports, with coal being the largest single item by far. The sole remaining possibility of expansion therefore lies in manufactured goods. "This third and largest class, in short, will have to be doubled if the target is to be reached." In other words, English industry must pit itself against American industry, and, under the conditions of the American loan, it cannot avail itself of any of the methods of the past. The "empire preference system" has been reduced to a mere shadow. Currency cannot be devaluated by more than 10 percent. Export subsidies are prohibited after 1949. "Reciprocal bargains for the mutual assurance of markets are very strictly ruled out."

English industry must double its exports—or die—on a contracting world market. Here is the situation as the *Economist* itself sees it:

Whose imports are going to increase? The hypothesis on which the whole argument is based is that there will be very little increase in British purchases. Germany and Japan will clearly not be importing as much as before the war. These three together made up 29 percent of the world's imports in 1938. The other countries of Western Europe, whose purchasing power has scarcely been increased, made up a further 14½ percent. As for the extra-European countries, there is hardly one of them that has not increased its domestic industry during the war, and the immediate effect—whatever the long-run consequences may be—must inevitably be to reduce their imports.

### PROBLEM OF EXPORT INCREASE

In a world with fewer purses, and with former buyers themselves turned into sellers, how can English industry possibly sell twice as much as before? Only by winning this trade from its rivals. Among these rivals is, of course, the United States which is itself seeking enormous increases in exports for its colossal industrial output. The outcome of this competition is a foregone conclusion. But perhaps England can gobble up the share of her defeated rivals, Germany and Japan? Let us again give the floor to the *Economist*.

But from whom is this trade to be won? Some can doubtless be taken from the Germans and the Japanese. But not very much, for it is already the official American policy that the Germans must be allowed to export in order to pay for their necessary imports, and the same doctrine will be applied to Japan. Moreover, there are other claimants for any markets that are going begging.

Chief among these "other claimants" is, of course, again the United States which has already grabbed the lion's share of former German and Japanese markets. What, then, is the conclusion? The "job" is obviously a hopeless one, and the *Economist*, despite its pretended confidence, concedes that it is "outside the realm of possibility."

In short, it is all Lombard Street to a china orange that the export target [of English capitalism] will not be attained, or even approached at all closely.

The real hope of the British imperialists to balance the "national accounts" therefore can really lie only in a drastic reduction of imports. We have already heard from the *Economist* that the whole "hypothesis" rests on there being "very little increase in British purchases." In 1938 British imports totalled 920 million pounds, more than two-thirds of this sum going for foodstuffs. "Any reduction, in fact," admits the *Economist*, "would necessarily fall with very heavy weight on the category of food." Meanwhile, as a recent London dispatch reported, the prices of England's food imports have doubled. This means that even if the English imports were maintained at the 1938 figure, the immediate result would be a 50 percent reduction in living standards. But the 1938 import levels, as we have seen, cannot and will not be maintained. Conditions will be worse than during the depression years. Every decrease in imports will deal savage blows to the English masses, whom their rulers must now seek to reduce to coolie levels. English capitalism can follow no other course in face of the overwhelming financial and industrial preponderance of the United States.

### CLASS STRUGGLE IN BRITAIN

There is little likelihood that the English people, who kicked out the Tories, will agree voluntarily to pay such a price under a Labor government in order that capitalist England continue to survive on ever lower levels. On the contrary, this must lead to a monstrous sharpening of the class struggle in the country. The pressures generated are already very great. They undoubtedly will furiously erupt right inside the labor party itself.

An interesting item appeared in the press which provides an insight into the processes that are now at work in England. On March 15, Gault MacGowan, *New York Sun's* correspondent in London cabled that the Chairman of the Labor Party, Harold Laski, predicted that the Labor Party would split "within two years." According to this dispatch, Laski envisages a coalition between the Labor Party right wing, led by Attlee and Bevin,

and the Tories under Churchill's leadership. Laski grants in advance that such a coalition would carry the majority in a general election.

There is nothing new in a gentleman like Laski reducing the class struggle to a winning combination on the political chessboard. That is quite in the nature of things. But it is unprecedented for a chairman of a party that is in power to

acknowledge the inevitability of a split in its ranks. It is a gauge of the speed at which things are now moving in England. Laski, we think, is correct. Such a split is entirely possible. But whether such a split will signalize the installation of another coalition government or England's entrance into the phase of revolution depends on the tempo and strength of the class struggle and on the strength of the labor party left wing.

## The Great Strike Wave and Its Significance

By E. R. FRANK

The first cycle of the great strike wave of 1945-46 has come to a close. The main bodies of the auto, steel, electrical, rubber, packinghouse, oil, telephone and numerous other unions have signed agreements with the corporations. It is now possible to assess this great class action as a whole, even though 75,000 workers are still forced to continue their strike against the Westinghouse corporation and the country's half million miners are again battling for improved conditions.

The strike wave, which America has just experienced, will be recorded as an *historic* labor upsurge. It can be compared properly only with those major climactic battles of the American working class which, for good or for evil, outlined for whole periods ahead the road of labor's travels. This strike wave was an historic one, first, because it was fought on the most far-flung battle front, with the unions challenging the bulk of the major monopolists. Second, because it involved the first major test of strength between the new industrial union movement and the ruling capitalist oligarchy, since the mass production unions first established their right to existence ten years ago. And last because it brought into focus the social development and revealed the vast, latent power of American labor, power enough to beat back the offensive of the employers and to win significant concessions.

We said in the February 1946 *Fourth International*:

The abdication of the labor leaders during four years of war, and their underwriting of a program of enriching and strengthening the capitalist rulers guaranteed and made inevitable the present war of the banking and industrial oligarchy against labor. No sooner did Wall Street bring its imperialist rivals to their knees than it turned with redoubled fury upon the main enemy—the working class at home. Instead of the "gratitude" which the labor leaders naively imagined they would receive in return for labor's "sacrifices" in the war, they received a hail of wage cuts and anti-labor bills.

That is what started the fight. The battle between labor and capital began as an offensive of Big Business against the working class. Immediately on V-J Day, the industrialists let loose with a program of slashing wages, discharge of millions of workers, downgrading, etc. Philip Murray, CIO President, thus summarized the case:

There have been four major, whopping big cuts in wages and salaries that, according to the United States Commerce Department, have taken \$20,000,000,000 out of the national pay envelope.

First: The cut in hours of work—generally from forty-eight to forty hours a week—with the elimination of overtime. The average manufacturing worker who earned \$46.35 in June, is now making only \$35.60—a cut of \$10.75 a week. . . .

Second: Unemployment. One month after V-J Day two million men and women were laid off entirely, and the number is mounting daily. . . .

Third: Downgrading. The third big cut in the nation's pay envelope came when—as production was cut down—wage earners and salaried employees were downgraded from higher paying to lower paying jobs.

Fourth: The last big cut in the nation's pay envelope is a hidden one. During the war, according to the War Production Board, labor's productivity rose about twenty-five percent over all. That is to say, what before the war took five men or women to make, now requires only four men or women. This means fewer people drawing wages or salaries.

The industrialists were unquestionably getting set to return to the "good old days," when there existed no restraints on their tyrannical rule, when they had to brook no interference and could crush by force and violence all attempts at revolt or reform. The industrialists had convinced themselves that they had won the "moral leadership" which they had lost so ignominiously during the 1929-33 crisis and which they never succeeded in regaining in the first two terms of the "Roosevelt era." It is significant that a good number of the plutocracy's paid "brains" had begun openly playing with fascist ideas and experiments. One of these, Virgil Jordan, had this to say in the *Economic Record*, published by the National Industrial Conference Board, the private mouthpiece of the big manufacturers:

It does not matter to me what others may do or say . . . but when some smooth-tongued wizard from Washington . . . puts to me the typical twisted question with which the patriotism and pride of the American people has been slowly poisoned during the past decade, and asks whether I want to bring back the days of Harding and Coolidge and Hoover, of Teapot Dome and Ed Doheny and Albert Fall, and Inull or Musica or Whitney . . . I shall look him straight in the eye without shame or fear and say: "Yes."

After V-J Day, ensconced securely on the mountains of money bags, which had grown to fantastic size during the war, and shielded by the scandalous tax laws which permitted them to raid the public treasury again and again for their continued aggrandizement, the robber-barons of America decided this was the God-given opportunity to put the unions "in their place." What were their precise aims? At the very least, to deal the unions a jolting blow; to demoralize the union rank and file, to dampen its militancy; to isolate the unions and reduce labor's strength in the national scene; to drastically worsen the workers' standard of living.

The monied autocracy launched its war upon labor at a time when the main advantages were with it; it had the advantages of initiative, superior preparation, superior ground and position and greater staying power. The class war of 1945-

46 started out on the grounds and positions chosen by labor's enemies.

The main lines of the union strategy, at this time, were virtually dictated by the circumstances of the situation. Here was organized labor confronted by American capitalism, whose leading circles were united as almost never before; determined to tame the unions and slash labor's standard of living. The capitalists moreover, were sitting pretty on their piles of gold, secure in their profits regardless, with a subservient Congress at their beck and call; all set to wait it out and starve out the unions. Obviously labor could not win its fight to maintain its living standards by thinking in terms of the ordinary, mine-run trade union strike, which is won by simply shutting down the individual plant or concern involved and then making sure that it stays shut down until the boss agrees to terms. It was clear from the start that any single union was doomed to defeat in its engagement with capital if the fight was converted into a simple waiting game. The capitalists were far better equipped for waiting and could starve out any union long before the union could starve out the corporation.

Thus any real strategy of labor had to, perforce, be based on these fundamental propositions:

1. Labor was confronted with a fight that was *national* in scope against a more or less united and organized capitalist class.

2. Labor could not emerge victorious by dragging out the fight. On the contrary, labor had to bring things rapidly to a head. In other words, its strategy had to be one of progressively bringing the economy to such a state of paralysis as to provoke a deep social crisis.

The American plutocracy could not ignore a social crisis of magnitude. The Wall Street masters could not just sit on their gold and decide to wait out the hurricane. These bankers and industrialists are certainly a pig-headed lot. They certainly are gamblers of the craziest kind. They are unquestionably blinded by their class prejudices and savagery. But they are not completely insane. And that is why the government in Washington, the representative and spokesman of the capitalist rulers as a whole, would have been forced to step in and settle more or less rapidly such a strike crisis.

Such a strike crisis can be settled either by the use of trickery, or by violence or by making concessions. The use of trickery, that is, cheating the workers out of any gains by the use of a lot of involved double talk and slippery formulas, is just not possible when dealing with superbly organized and experienced mass unions, headed by seasoned trade union leaders. It could not be employed as the major tactic in the present situation. As for violence, that is, large scale violence, sufficient to crumble the force of the present mass movement—its use was out of the question. The capitalists could not throw the armed forces of the state into headlong combat against the labor legions, without provoking conditions of a near civil war. That is why a strategy based on the propositions outlined above would have proven successful, would have forced great concessions from the industrialists.

## The CIO Strategy

How does this proposed strategy square or differ with the strategy actually employed by the CIO high command? The fact is *there was no CIO strategy*. As a matter of fact, there did not even exist an understanding or knowledge of each other's plans among the leaders of the major CIO unions. During the General Motors strike there was a certain amount of talk, especially in the Stalinist publications, about a supposed

CIO strategy. But this was invention. The CIO leaders simply blundered into the fight, one union at a time, and then improvised their battle tactics as they went along. The only union that can make out a claim for a plan of battle was the auto union in the case of the General Motors strike. And its plan was based on an absurd, utterly false one-at-a-time strategy of isolating the General Motors Corporation and winning the fight by bringing to bear the pressure of competition.

V-J Day unloosed a wave of bewilderment and resentment among the American people. Fear of the future began gripping the working class. Now that the war was over, were they to return to the horrors of unemployment, insecurity, want? The leaders of labor, Philip Murray, William Green and the others had nothing to propose. They didn't even have the courage to declare that the no-strike pledge was revoked, or to withdraw from the hated War Labor Board. A rash of plant and departmental strikes swept through the steel and auto industries and the union leaders, out of sheer inertia, continued to stamp them out, as they had been doing throughout the war.

In this charged atmosphere, on September 27, 1945, one month after V-J Day, the Oil Workers' Union called a national strike of its full membership against 16 major oil companies.



The membership of this less powerful CIO union caught the spirit of the times and began to struggle for the demand which soon reverberated throughout the country: a 30 percent wage increase to retain the take-home pay—a 40-hour week with no reduction in pay. Paraphrasing a famous slogan of American history, the pickets carried signs which read: 52 for 40 or Fight!

To the oil workers must go the credit for dramatizing all over the country the demand for a 30 percent wage increase. But the oil workers, left to their own resources, proved too weak to carry through this ambitious program. Truman soon moved in and broke the oil strike by means of a governmental "seizure" of the oil properties under the provisions of the Smith-Connally Act. The oil workers' demands seemed destined to be buried for a long time under reams of governmental red-tape. On this atmosphere of confusion and bewilderment the major CIO unions formulated their wage demands and began to inaugurate negotiations with the companies. The fight for the maintenance of take-home pay certainly began in an inauspicious manner.

The 30 percent demand lost the character of a pious hope or a lost cause only when the great auto union took up the strug-



gle in earnest and served notice that it expected the 40-hour week with no reduction in pay. The auto union, the most volcanic and militant national union of the whole world, was experiencing a paroxysm of revolt at this time. Wildcat strikes were flaring throughout the industry. The Kelsey-Hayes strike, maintained for 6 weeks in defiance of the top officers, showed that the UAW membership was in a state of revolt against the leadership. It was in this heated situation that Walter Reuther, more perspicacious, farsighted and bold than his fellow bureaucrats, stepped into the breach. He took the program of the oil workers—a program advocated for months in the UAW by the more progressive locals—and began that remarkable series of negotiations with the General Motors Corporation that was finally climaxed by the strike of 225,000 GM workers.

### Walter Reuther's Leadership

Almost as soon as the GM negotiations got under way, it became clear that the leadership of labor's fight for the maintenance of its standard of living had been taken over by the GM workers. And Walter Reuther, Vice-President in charge of the GM Department, who directly led this extraordinary fight, found himself again catapulted into the national limelight, this time as the leader of labor's momentous wage struggle.

It is not difficult to understand why the workers all over the country eagerly accepted and looked to the leadership of the auto union. The GM union committee, headed by Walter Reuther, from the first, conducted its negotiations with the corporation in a fighting manner indicating that it was serious, that it meant business, that it was not simply going through a lot of motions for the record. Next, the working people all over the country knew that the auto union, and especially its GM section, was best suited to lead off this fight, because the auto union is strongest and has the greatest experience in warfare. Furthermore, Walter Reuther raised in the course of the negotiations several far-reaching demands which have already served to advance the American labor movement and have already left an indelible imprint on the minds of the American workers. His propaganda around the slogans of "Opening the books" of the Corporations and "Wage Increases without any Price Increases" served to dramatize to millions the unconscionable profits that have been amassed by the major corporations and dealt powerful blows against the insidious teachings of the corporations that wage increases are responsible for inflation. The labor movement has gained measurably, especially with the middle classes and the more backward workers, by exposing this fake economics a la Wall Street. And lastly, Walter Reuther conducted himself as a leader in the course of the GM negotiations. He showed he had the ability to stand up against the hired "brains" of the plutocrats, answer argument for argument and give blow for blow. As we had occasion to remark of John L. Lewis in the 1943 coal negotiations, the American workers admire leadership. They want leaders who can show up the Big Business representatives and who can voice in clear, forceful fashion the aspirations, the sufferings and the needs of the masses of people.

For all these reasons the union conduct of the GM negotiations inspired American labor and when the General Motors workers hit the bricks they had already won the sympathy and support of the great mass of the American people. But though the ranks of the GM strikers were determined, tenacious and strong, they could not win the battle alone. For they were facing not only the two-billion dollar corporation for which they worked, but the united ranks of America's leading billionaires. And here the lack of a national strategy on the part of the CIO

became painfully apparent. The leaders of the steel and electrical unions, the two other major unions of the CIO, proceeded with their own negotiations at a leisurely pace, as if these had no bearing on the GM strike. The other CIO unions in packinghouse, rubber, maritime, etc., conducted themselves in similar fashion. The Stalinist leadership of the electrical union even went so far as to refuse to call out on strike 30,000 odd GM workers under its jurisdiction. And the GM strikers were themselves prisoners of the "scissor-bill" one-at-a-time strategy authored by Reuther, which instead of isolating the corporations, threatened to isolate the GM workers. Instead of demanding the shutdown of Chrysler and Ford and thus preventing competition inside the union and the undercutting of each other's conditions, Reuther insisted that Chrysler and Ford be kept working. Instead of howling for a steel strike to bring the strike crisis to a head, Reuther resented the steel strike, as interfering with his one-at-a-time strategy. Thus while the momentous battle between labor and capital was joined on November 21, only one division of labor's army actually took the field. It was almost two months before the much needed reinforcements arrived on the field of battle and brought matters to a head.

In the course of these two months, as week wore on after week and no settlement seemed in sight, a lot of defeatist talk began going the rounds, some of it emanating right out of Philip Murray's office and some spread by the Stalinists, that the General Motors strike should never have been called when it was, that it was badly timed. Why badly timed? Because the 1946 tax laws reduced the excess profits tax by so much that none of the corporations were interested in going into production in 1945. That was true. But then the 1946 or even 1947 tax laws guarantee the corporations huge profits even if they don't produce at all. That would seem to indicate that no strikes ought to be called before January 1, 1948! All that the tax law argument proved was that the top trade union bureaucracy had permitted the capitalists to shamelessly raid the public treasury and to entrench itself into a superb position for warring on labor. And that only by a united, unified and powerful labor assault, which brought on a deep social crisis, could labor overcome capital's financial advantage. The tax law argument was nothing but an attempt at a fancy alibi to excuse the criminal inaction on the part of the other major CIO leaders.

### The Strike Climax

The GM strike held out, virtually alone, for two months. Finally the much needed reinforcements began to arrive. On January 15, 1946, 200,000 members of the electrical union struck, closing down GE, Westinghouse, RCA and the GM electrical plants. The packinghouse workers both CIO and AFL struck the next day on January 16 and finally on January 21, three-quarter of a million steel workers walked out and brought the strike movement to its thunderous climax. Almost 2 million workers were on strike at the height of the strike wave. It was this display of big power that finally broke the log-jam and forced through the wage settlements, first in steel and then in the other major industries.

But by the time the strike movement was brought to a climax, the top CIO leaders had already given away a considerable part of their original demands. They had, in practice, already appreciably lowered the stake for which the strikers were battling. They did this when they completely reversed their previous stand against Truman's Fact-Finding Boards scheme and agreed to cooperate with these so-called Fact-Finding Boards. By this one move, the CIO leaders actually scaled down their wage demands by almost 40 percent. Because once the authority

of these boards was accepted, the unions were in effect bound by the board's decisions. It was furthermore clear that these boards, given the existing relationship of forces, would split the difference between the workers and the employers and award the unions slightly better than half of their wage demands. The CIO leaders not only scaled down their wage demands by some 40 percent but saddled the labor movement with a new semi-compulsory arbitration governmental straitjacket.

The first Fact-Finding Board appointed by President Truman in the GM strike recommended on January 10 an increase of 19½ cents per hour to the GM workers or about 17½ percent increase as contrasted to the union's demand for 30 percent. The union promptly accepted the board's recommendation. On this 19½ cent front, then, one might imagine, the union forces would reform and rally to hold the line. But the leaders of the major unions showed as little unity in negotiating their strike settlements as they had previously displayed in the calling of their strikes. One week after a governmental body had awarded the GM workers a 19½ cents increase, Philip Murray agreed to accept a penny less—18½ cents—for the steel workers.

The Stalinists, not to be outdone, signed a contract with the General Motors Corporation for an 18½ cents increase in the plants organized by the UE while the UAW was still holding out for 19½ cents. The packinghouse workers, following the general pattern of everyone for himself and devil take the hindmost, agreed to scale down their demand to 17½ cents increase and finally settled for 16 cents. And the other leaders of the auto union itself signed contracts with Chrysler and Ford for wage increases of 18½ cents and 18 cents, respectively, while the GM workers were still holding out for the 19½ cents that a governmental body said they ought to get!

The CIO high command presented the spectacle of an army, where each divisional commander throws or fails to throw his troops into the battle, without any regard for the decisions or needs of the other commanders and without any concern as to the over-all disposition of the forces and the general line-up of the battle. Where, furthermore, every divisional commander negotiates his own peace terms with the enemy anytime he sees fit without any regard for the peace terms being negotiated by others and without any concern for the effect that the withdrawal of his forces will have upon his allies.

One can sum up and say that by their timidity, their lack of sufficient solidarity and a unified strategy, the CIO leaders unnecessarily dragged out the fight to its detriment, and gave up a somewhat bigger share of the wage stake than was warranted, than was absolutely necessary on the basis of the relationship of forces that obtained.

Any analysis of the strike wave would be completely one-sided and inadequate, however, if it confined itself to merely criticizing the shortcomings of the national CIO leaders, their strike program and strategy. The significant weaknesses and defects of the strike leadership are part of the picture. But they are by no means the whole picture.

## Labor's High Point

The big fact that stands out in the present strike struggle is that never before in its entire history has the American working class fought such a big battle on such a tremendous battle-front. Never before has the trade union movement shown itself capable of dealing such powerful blows, one after the other, on such a national scale. Never before have the trade unions displayed such perfected organization, such tenacity, such staying power and self-confidence. And despite the cross currents, the personal jealousies amongst the leaders, the factional bicker-

ing and the lack of a unified plan, the fact remains that never before has the labor movement displayed the unity and solidarity that was achieved in the present struggle. The recent strikes were better organized, the blows against the enemy were dealt more vigorously and decisively and the strike movement—which was brought to a smashing climax within two months and began to ebb a month after that—embraced a larger section of the American working class than ever before in American history. The very length of some of the strikes is unprecedented. The General Motors strike lasted 113 days, and a considerable number of the GM locals struck several weeks beyond that. Despite this long, drawn-out character of the fight, the union ranks never faltered; morale remained high throughout. Truly an unprecedented achievement! (While on the record many strikes of the past probably are recorded as longer-lasting, in actuality in all these past strikes, the majority of workers returned to work after the first period and only a small minority of the most determined and militant held out.)

This series of strikes, it must be remembered, involved the first major test of strength between the industrialists and the unions since the sit-down strikes of ten years ago. Coming immediately at the conclusion of the war, after 4 years of the no-



strike pledge, the wage and job freeze, and the rule of the War Labor Board, the union movement unleashed a power that amazed everyone—its enemies as well as its friends. This power was so persuasive and palpable that it swept into its wake even the white collar slaves, as witness the strike of the independent telephone union, the bulk of whose membership is in the white collar field. It won the warm sympathy of the middle classes and the veterans. It smashed, by its sheer social weight and strength, the 4-year old campaign of the Big Brass and their Big Business associates to organize the veterans into anti-labor vigilante gangs. The labor movement has won the ardent sympathy of the veterans and its strike struggle directly inspired the great soldier protest that was heard 'round the world.

The working class was able to answer the attempts at violence by general strike action, in such out-of-the-way places, to boot, as Stamford, Conn. and Lancaster, Pa. This explains, incidentally, the more or less peaceful character of the great fight. The two sides were very evenly matched; the labor movement was too strong to tolerate large scale violence and strike-breaking on the part of the regular government police and state troops; the plutocracy possessed no private fascist armies of its own; the struggle was not yet of a decisive social character. Both sides were testing each other's strength.

There is no question that the labor movement emerged out of the fight stronger than it was when it went into the fight. The battle originated as an offensive on the part of capital and labor was fighting defensively to maintain its standard of living. But the battle soon took on the character of a counter-offensive on the part of labor. Despite the indecision of the top union officers, the working class by the sheer strength of its organization, by its discipline, self-confidence and will to fight brought things to a head within two months after the GM strike first began. They were thus able to frustrate the design of the industrialists to wear out the unions and were able to smash through to a victory—a victory, because they hurled back the anti-labor offensive of the employers, because they came out of the fight with a strengthened position on the national scene and because they won significant concessions.

This estimate of the results of the strike movement is the accepted one, in a general way, on the part of all the leading militants in the leading CIO unions. But the pseudo-Marxists of Shachtman's *New International*, we note, have come forward recently to challenge this estimate. Their writings show that they are obviously badly disappointed and even annoyed with the American workers. Rather than a victory, the Shachtman magazine believes the working class suffered a straight-out defeat. "The first great post-war trial of strength," we read in the March 1946 *New International*, "between American labor and capital is drawing to an end. The over-all result is a defeat for labor." Why a defeat? Because the unions demanded a 30 percent wage increase which they proved they were entitled to, but only got a little better than half. That's why it was an "over-all defeat!" We are not making this up out of our heads. This wisdom is to be found in the *New International*. "Labor did not get its war-time 'take-home' pay demand. It did not get what its spokesmen had proved was necessary to again bring wages up to a pre-war parity with the cost of living. If an army that takes the offensive and fails to dislodge the enemy from its positions has suffered a defeat, then labor suffered a defeat in the present strike struggles."

## A Marxist Analysis

One might first point out that it is very improper for people who call themselves Marxists to ignore all other factors in such a titanic class struggle as the recent strike wave and center their analysis exclusively on the money factor, like a bunch of "scissor-bills." Even if the recent series of strikes succeeded only in repulsing the industrialists' offensive and preserving the union organizations and the morale of their membership, even in that case these strikes could not by any manner of means be called defeated. Even in that case they would have to be described as having achieved some partial successes. A veteran militant trade unionist understands this. Is it too much to expect that people who call themselves Marxists should show a similar breadth of view?

Furthermore in what strike manual or work of Marxism is it written that a strike is to be considered defeated if it does not achieve its full declared objectives? Under that rule there have been very few strikes that have ever been won. The Shachtmanite writer repeats over and over again the thought that the workers *needed* the 30 percent wage increase to maintain their living standards. Sure. They needed it. Their cause was just. We stand with Ben Hanford who said that justice is always on the side of the working class. But that does not mean that when labor wins only half-a-loaf it has been defeated. No. It has won a partial victory.

A real strike analyst in casting a balance of a strike will ask himself these questions: Is our union stronger or weaker as a result of the strike? Is the morale of the membership up or down? Have we made gains in wages and working conditions? Or, if there are no gains, have we at least minimized the losses that we would have otherwise suffered? A balance based on a *rounded* and *thoughtful* analysis will show gains on all counts in the recent strikes: The unions are stronger, morale is heightened, outright gains in wages; as well as the other key factor that we discussed before.

Some pseudo-leftist wiseacres have adumbrated a somewhat more pretentious idea. Their argument runs like this: "True the workers won about 18 cents an hour wage increase. But prices are being boosted all along the line. Thus the wage increase is wiped out and in practice the workers haven't won anything at all." Underneath its aura of profundity, this argument betrays a wretched misconception of economic laws under capitalism and an ignorance of the relationship between wages and prices, explained by Marx fully 80 years ago in his debate with Weston.

We can only touch, at this time, on a few high points of the inflationary process that is now going on in the United States and the reasons for it. American capitalism is in the monopoly stage. The economy is owned and controlled by a few billionaire cliques. Due to the specific conditions of the market, both domestic and foreign, which we have previously discussed in the magazine, the capitalists are in a position to boost prices to fantastic heights. (We, of course, struggle for price control by consumers' and workers' committees in the same spirit as we struggle for our other transition demands.)

With the end of the Second World War the dominant capitalist community was determined to sweep away most of the governmental price controls. And they have the power to do so. They simply refused to produce after the war except under their own terms, just as they refused to go into war production five years ago until Roosevelt told them to write their own ticket. Now this capitalist control of economy cannot be fundamentally eliminated until capitalism is destroyed. The inflationary process in the U.S. had been predicted before the recent strike wave got under way and would have taken place if the strikes had never occurred. The capitalists simply seized on the wage increases as a convenient excuse to attempt to place the onus for inflation upon the labor movement. Reuther attempted, not without success, to expose this fraud and to place the onus where it belongs, on the profit-greedy capitalists. The falsity of the argument of the pseudo-leftists is thus clearly seen. It incorrectly implies that the present price increases are due to the wage increases.

What is correct to say is that the *gains won* by the workers will soon be dissipated because of the violent inflationary rise. Therefore the trade unions must gird their loins for continued struggle for wage increases, must begin the propaganda for a sliding scale of wages to meet the increases in the cost of living.

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The heightened morale of the whole labor movement is again being displayed. We see it in what is an almost infallible sign: The drive to organize new millions of unorganized workers. The CIO is going into the South. It is launching another million-dollar campaign. The older CIO unions are likewise undertaking their own organization campaigns. The UAW has already pledged to organize the tens of thousands of white collar workers of the automobile industry. This organizing campaign spells new big struggles. This added to the fact that all

labor will be goaded into fighting in order to keep up with rising prices means that the coming period will, indeed, be a turbulent one.

The unions revealed superb power in the strike wave. Such power that the capitalist masters saw in them a dangerous threat to their very existence. The capitalists will now prepare more thoroughly for the next engagement. That is why in the major industries, guerrilla warfare is a thing of the past. The trade union struggle is passing over into a social struggle. That is what the present strikes proved. In this sense, American trade unionism is at the crossroads. The objective conditions demand that the trade unions now discard the old, outworn hit-and-run tactics and narrow trade union aims which were of value when the unions were weak and their objectives small and now adopt

a broad social program and strategy that the times demand. That is what the American working class is instinctively reaching out for, as the victory of Reuther in the UAW indicates.

Great social ideas were raised in the course of the strike struggle, such as the demands voiced by Reuther and Murray's radio speech in which he broke with Truman. But these were left dangling in mid-air. Reuther did not propose any political action to implement his social demands. Murray refused to work for a labor party after his break with Truman. The social aims remain to be realized.

The growing numbers of left-wingers in the key mass production unions have the task of convincing the broad ranks that the labor movement must now become a social movement if it is to survive and prosper.

# American Imperialism at Home and Abroad

By WILLIAM SIMMONS

Significant world events occurring in any part of the globe can most often be listed under the caption of problems of American imperialism. Starvation and upheavals in Europe, rebellion in India, civil war in China, colonial butchery in the East Indies, curfew and arrests in Palestine or demonstrations in Buenos Aires and last, but not least, the gigantic strikes here at home, each may represent a different stage of intensity of capitalist contradictions; but all are part of the pattern of a thoroughly integrated and dialectically interrelated world.

Equally these events also become problems of the proletarian revolution, for the present epoch is revolutionary.

Imperialism became long ago a dominant and inseparable aspect of American economy. From competitive capitalism to monopoly capitalism to imperialism, in each case representing the transformation of quantity into quality. But in its social implication this transformation is of even greater significance. For, "capitalism," says Lenin, "became capitalistic imperialism only at a certain very high stage of its development, when some of the fundamental traits of capitalism began to transform into their own contradiction, when along the whole line there appeared and became apparent the outline of a transitory epoch from capitalism to a higher social economic order."

Free competition has become transformed into monopoly capitalism. There is an immense socialization of the process of production; a complete organization on a social scale from the supply of basic raw materials through the process of manufacture and the distribution of products. The objective basis for a new social order is thus laid, however, with the old relations of production and distribution still prevailing. Control of this socialized organization is usurped by predatory finance capitalists who exploit it for their own purposes. While production has become social, appropriation remains in the hands of individual capitalists. Imperialism thus develops on the basis of a whole system of contradictions and it further vastly enlarges and intensifies these contradictions.

The rapid rise of the United States as an imperialist power was phenomenal. It has now reached full maturity. With its undisputed victory in World War II it aims to realize the fruits of this maturity. From this war it emerged as the *one* supremely dominant power, ready to exploit the entire world. At the same time, its preponderance renders American imperialism so much

more vulnerable to the decay and crises of the capitalist world system with which it has become completely integrated. This is what is new in our present epoch.

The interdependence of nations in the world economy is now a generally recognized fact. No national economy can extricate itself to any significant degree from world economy or from the world market. And, of course, the more developed its technology, the more extended its productive capacity and its capital assets, the more complete is the integration with the world market. In turn, the more directly does it also determine the course of world economy. Naturally, therefore, American economy, and its condition, has become the decisive factor in the further course of world economy and the world market. World economy stands or falls on this condition. Upon this condition all capitalist nations depend for their survival. This is how the interdependence of nations manifests itself today. American imperialist policy is only the political expression of this relationship.

Foreign policy, as we know, is an extension of internal policy. It springs from internal needs. And the outstanding factor in the American industrial and financial system today is an overproduction of capital which has assumed terrific proportions. It is now in possession of a vastly expanded industrial productive capacity. Gross production was running during the first half of 1945 at an annual rate of \$206 billion. This is more than double the capacity of the peak year of the pre-depression boom. In 1929 total gross production amounted to only \$94.4 billion. Estimates of productive capacity become even more concrete when expressed in terms of actual commodities. Thus, for example, the Auto Manufacturers Council has reported to the government that, when fully re-converted and all raw materials are available, it will be capable of an annual production of 7,600,000 cars and trucks; and it adds that it will be able to reach this output with 40 percent less labor than it employed during the war peak.

Additional illumination is afforded by facts concerning labor productivity, which is only another way of showing the increase in tools and machinery of production. Krug, the former Chairman of the War Production Board has estimated, on the basis of reports received from 42 industries, that post-war production can be 87 percent above the 1939-41 average with employment only 33 percent above that level. That would mean a gain of 40 percent in labor productivity. The CIO steel work-

ers union estimates that during the six years of the war period labor productivity increased not less than 34 percent.\*

This American industrial empire was built up on the existence, within the forty-eight states, of the most important industrial raw materials. Productive labor applied to these strategic raw materials has assured for the United States its overwhelming preponderance. Here coal seams are among the richest and the actual production during the last three years preceding the war amounted to 40 percent of the world's output. Oil production was 60 percent, and iron and steel reached more than one-third of the total world output. At the peak of war production the output of finished steel increased further from 74 million tons annually to 93 million tons. The United States produced in the same period about one half of the world's electric power. The comparative figures of coal mining here and in England tell the story with regard to production efficiency, although in this industry the comparison becomes perhaps the most extreme. Coal mining in the United States requires 1.7 man hours of labor per ton whereas in England it requires 7.5 man hours per ton. While the British merchant marine, formerly the world's largest, lost during the war 10 million out of its 21 million tonnage and only succeeded in replacing about 7 million tonnage, the United States merchant fleet gained during the same period from 11.6 million tonnage to an estimated 57.5 million tonnage. And, of course, what counts much more heavily in backing up aggressive imperialist plans is the fact that the United States navy has now reached an estimated 3,900,000 tonnage, which is almost equal to the total combined pre-war naval tonnage of all the great powers. Finally there lurks in the background the terrifying power of the atomic bomb.

Capital ready for investment is likewise available in the hands of the Wall Street corporations in prodigious amounts. National income during the war boom reached the stupendous sum of \$160 billion. Capitalist corporations received, of course, their more than generous share. From 1939 to 1945 net profits after taxes of US corporations totalled \$42.7 billion. Their net working capital increased from \$24.6 billion in 1939 to \$45.5 billion in 1945, a jump of 85 percent. Current assets rose from \$54.6 billion to \$98 billion in the same period. The CIO Steelworkers Union estimates that during the six war years, profits of corporations rose by not less than 70 percent. With the repeal of the excess profits tax these corporations will be even more generously endowed.

It is estimated that savings for capital investment amount to about 20 percent of the annual national income. In other words, out of an annual national income of \$160 billion not less than \$32 billion would be available annually for capital investment. What this means over a period of time may be gathered from the fact that savings accumulated since 1940 reached a total of more than \$121 billion at the end of 1945. We can be sure that only a very small fraction of this sum constitutes workers' savings. In fact the overwhelming portion must be counted on as capital pressing for opportunities of profitable investments.

Among other factors that could be mentioned which exert a definite pressure on internal economic stability is an item of such importance as the huge national debt approaching the astronomical figure of \$300 billion—a sum in excess of the total assessed valuation of the 48 states and the District of Co-

\*Statistical data often differ somewhat depending on the scope and the method of compilation. Since, however, all statistics appearing here are mainly used for the purpose of indicating the general trend, I have dispensed in most cases with citing the source.

lumbia. Closely related to this is the enormous cost of the projected militarist program. The one item is the obverse of the other and the cost of carrying both will be saddled upon the masses, thus lowering further their living standard. The bulk of the national debt represents American capitalism's investment in the war just concluded; loans made to the government at a fixed rate of interest. Victory means that the monopoly concerns begin to collect. At the same time the "carrying charges" operate to aggravate existing contradictions in two ways: Firstly, this greater mulcting of the masses can only render the boom period still more speculative and conversely deepen the effects of the unavoidable crisis. Secondly, the bulk of the "carrying charges" on the national indebtedness, amounting to about six billion dollars, which flow into the coffers of the monopoly concerns, represents an annual accretion of capital clamoring for profitable outlet.

On the whole these factors—the vastly expanded capacity of production and the huge volume of capital available—should be an expression of potential plenty, economic progress and prosperity for the nation.

Under capitalist relations of production, however, this turns out to mean the exact opposite. Capitalism always develops the forces of production more than it develops the forces of consumption. Because production is carried on by labor in return for wages which represent only a part of the actual wealth produced. The surplus values produced go to the capitalist entrepreneur in the form of profits. Wages always lag behind profits and wages always fall relative to output and profits. Monopoly capitalism only aggravates this process. It extorts higher profits thereby increasing the disparity between production and consumption, which further aggravates economic instability.

## Monopoly Capitalism

Monopoly capitalism constantly increases labor productivity by its ever increasing investment in more efficient machinery. This results in a reduction of labor power needed, thus placing further restrictions upon consumption. Although the mass of profits increases due to the greater rationalization, the rate of profit realized in proportion to the total capital invested tends to fall. Capitalism struggles incessantly to overcome this tendency and to increase the rate of profit. Profits always tend, nevertheless, to increase at a more rapid rate than do the opportunities for profitable investments. And this excess capital piling up over and above the available investment opportunities becomes surplus capital. It represents capital which industry does not need and cannot use without disturbing results.

The internal market in the United States became insufficient long ago, both for absorbing the annual excess produced over and above the limits of home consumption and for absorbing the ever increasing amounts of surplus capital. This explains the inexorable drive for new and vastly larger markets and fields of investments which will yield a higher rate of profit. American imperialism is therefore impelled to assert its enormous economic preponderance more fully on a world scale.

But world economy is in a state of stagnation and paralysis due to war destruction, impoverishment and inflation. In fact in most parts of the capitalist world, outside of the Western Hemisphere, there exists practically total bankruptcy. It is clear, therefore, that before American imperialism can exploit the colossal financial and industrial potential it has accumulated it must first assume—alone—the leadership in rehabilitating in a measure this virtually bankrupt world economy. Such

measures of rehabilitation require first of all in the United States a continued high level of production and income which, in turn, necessitate a high level of purchasing power by the masses—a constantly rising standard of living. This is only one aspect, but it is an important aspect of the problem of interdependence of nations today.

Loans and capital investments for the exploitation of labor of other nations and colonies undoubtedly do hold out glittering prospects of abundant returns for the Wall Street bankers. But world trade, based on commodity production, does not have the slightest chance of revival unless the United States is likewise in a position to absorb in ever increasing quantities the products, and especially the raw materials, of other parts of the globe. Obviously this could be accomplished only on the basis of high levels at home. Besides, only economic stability and political equilibrium in the United States could make such exploitation possible abroad. For any rehabilitation of world economy these would be the minimum prerequisites.

What are the perspectives for such high levels in the United States? We will most likely experience a relative boom, highly speculative and of short duration before we enter into the next depression. The fundamental laws of capitalist economy remain, however, in effect and continue to subject the whole system to the action of these laws. Number one amongst these laws reads that capitalist production is carried on solely for profits and that the capitalist system, moreover, depends for its very survival upon ever increasing profits. Actually to enlarge, or even to maintain the wartime scale of production for civilian needs would mean, in the first instance, to increase national consumption by increasing the purchasing power of the people.

## The Corporations and Wages

But the policy pursued by the dominant corporations, motivated only by their lust for ever increasing profits, is the exact opposite. They fight with all the forces at their disposal against maintaining even the wartime wage levels. They seek to undermine and destroy the unions—the protective organizations of labor. Instead of raising they seek to lower the standard of living. This policy stimulates further the growing disproportion between the expanded productive forces and the increasing limitations upon consumption.

Already the result is an intensification of the class struggle in the home fortress of American imperialism. Gigantic strikes are the expression today. Turbulent political conflicts will follow on the morrow. What else does this prove but that neither internal economic stability nor political equilibrium is attainable in capitalist United States?

Granting a relative and short-lived boom, as soon as the limited capacities of the market are saturated, the economic crisis is inevitable. For the further course of capitalist world economy this perspective is as decisive as it is devastating.

American imperialism seeks to solve these internal contradictions on a world scale. However, as it advances in the world economic and political arena, it reproduces and extends these same contradictions, only in a much more intensified form and on an infinitely enlarged scale. Every imperialist advance means the international extension of its own inner antagonisms.

It is tacitly recognized everywhere that world economy is virtually bankrupt. This was formally recognized in the proposals growing out of Bretton Woods for the International Monetary Fund and the International Bank for Reconstruction and Development. Ostensibly the former is intended as a means of fixing the post-war structure of monetary exchange rates and promoting exchange stability. The latter is presumed to aid in

the reconstruction of war devastated nations as well as to promote economic development in backward countries. But these very proposals also acknowledged publicly the world hegemony of American imperialism.

In reality the Bretton Woods proposals are designed as instruments whereby the Wall Street bankers intend to wield financial control of the world market. And Wall Street's ally and "friend"—Great Britain—is the first to feel the sting of this hegemony. For, while American imperialism proceeds with the complete elimination of its former enemy rivals it is at the same time reducing the ration of the British empire in the world market to meet its own increased productive capacity and appetite. That is the significance of the terms of the loan to England.

On its positive side the loan offers some relief for the hard pressed British imperialists. It affords them an opportunity to buy much needed goods in the United States and a means of staving off an immediate social crisis in England with its potential serious repercussions elsewhere. It represents also an attempt on their part to have the United States underwrite the security of the empire which is now facing volcanic eruptions.

## The Loan to Britain

Of course, the Wall Street bankers know very well that imperial Britain has lost its comfortable economic margin which contributed so much to its glory, power and privileges of the past. They are aware of its proclaimed effort to increase its production for export by more than 50 percent above the pre-war volume. Hence the harsh terms of the loan designed to curtail Britain's competitive powers in the world market. Within one year, according to the loan "agreements," Britain must break up her "sterling bloc" and abolish her "empire preference system" of trade and "remove all restrictions" on American imports to the homeland, dominions, colonies, mandated areas, etc. Thus, despite the vehement protestations once made by Churchill against any attempt to liquidate the empire, its doors have now certainly been thrown wide open.

The British imperialists have made another retreat. At the conclusion of the war they projected the "Western European Bloc," a closed economic sphere under British tutelage, to be based on the resources and machinery of the triangle stretching from Birmingham through the Seine estuary, the Brie basin and including the Ruhr valley. This they had conceived as a counterweight to the colossus across the Atlantic and a bulwark against the dreaded Soviet power. However, their own position in relation to the United States forced the British to retreat. So far as the European continent is concerned, the Washington policy of occupation prevailed. And American "aid in reconstruction" of the war-devastated continent reached the heights of brutal savagery.

European economy has remained in a state of paralysis ever since "liberation." For Germany it is perhaps more exact to say that her economy is pulverized. It lies prostrate under military occupation. Throughout Europe the capitalist social equilibrium is destroyed. While there can be no doubt that the objective conditions remain revolutionary, it is clear that the re-orientation and regroupment of the proletarian forces—the building of the revolutionary mass parties—will take some time.

By itself the European bourgeoisie is utterly helpless. Today it constitutes the weakest link in the capitalist chain. This accounts for the American imperialist military occupation policy. While this policy pursues the destruction of competition from the German, or from any other European industry and finance, it also includes certain relief measures, paupers' con-

cessions, loans hedged by definite restrictions, etc. For the United States must now attempt to restore some sort of class equilibrium in Europe. It is the sole reactionary power in a position to assume the role of defending the decaying capitalist system on a world scale against the coming proletarian revolution. Its military occupation in Europe also forms one claw of a gigantic pincer against the Soviet Union.

Political implications flowing from this intervention develop their own logic. Nevertheless the economic basis remains decisive. After World War I the United States intervened in Europe to restore partially its economic equilibrium. Such restoration is not now on the Wall Street agenda. On the contrary. Caught in the vortex of decline and decay of capitalism Wall Street is neither willing nor able to do so. That is why it must undertake to destroy even the possibility of future economic rivalry from Europe.

### Allied Policy in Germany

Let us illustrate this in concrete terms. The Allied Control Council has decided to allow Germany to retain an annual steel producing capacity of 7,500,000 tons. Maximum annual production, however, is not to exceed 5,800,000 tons. This compares with a war-time capacity of 23 million tons and it approximates Germany's output at the trough of the depression in 1932 when its totally unemployed workers numbered 6 million. Steel, as we know, is basic to all modern industry. These figures therefore become symptomatic. They illustrate in concrete terms the effort to maintain that permanent depression level for Germany. Her people now face starvation and her industrial workers are condemned to become pariahs.

But Germany is Europe's workshop, supplying especially heavy tools, instruments and machinery of production. Production of this tool industry, according to the Allied Control Council's decision, is to be reduced to less than 12 percent of pre-war output. What will be the consequence? Further crippling of German industry, which in the wake of war destruction, will inevitably result in a lowered standard of living in all Western Europe. The occupation policy spells Europe's Balkanization—in the political sense of having to depend on a "protector" (the United States) as well as in the economic sense of low living conditions.

Although the military occupation has served to postpone the inevitable reckoning in Europe, the general conditions created by American intervention render all the more certain the final proletarian victory. For every step taken toward reducing Europe to a still lower economic level must of necessity strengthen the revolutionary forces. The peoples are left no alternative but revolution.

Contradictions such as these, with their explosive possibilities, are not peculiar to Europe alone. They are bound to arise and multiply wherever American imperialism advances. And advances are being furiously prepared. Wall Street's most enthusiastic spokesmen propose to start out with an immediate tripling of American pre-war exports. But even if quickly attained, such a figure, in view of the productive capacity available, would not be very high. It would reach only half of the war-time level. During the period of 1930-39, for example, American exports averaged just slightly over three billion dollars annually, whereas the war period, due to Lend-Lease, brought this figure up to an annual rate of eighteen billion dollars. And right here an important consideration must not be overlooked. Under monopoly capitalism the export of commodities tends to become subordinated to the export of capital. This

again acts to bring down home production, placing limitations upon employment, wages and restricting the consuming ability of the masses.

Foreign capital investments have always returned a golden harvest to the investors. The classic example in this respect is the lucrative field possessed by the British imperialists. However, their American cousins did not lag far behind. Now they are the chief exporters of capital, the world's bankers. From a mere \$2,625 million in 1914 their foreign investments, exclusive of government loans, rose to \$17,967 million in 1932. Returns on these investments from 1920 to 1929 brought the magnificent sum of \$7,896 million.

Latin America furnished a heavy share of these returns. Since the completion of the Panama Canal Wall Street has considered these republics to the south as its private preserve and made rapid strides toward the elimination of all other imperialist competition. These supposedly sovereign nations furnish an object lesson of the purely imperialist purposes of the export of capital, shown in Yankee financial and political overlordship almost throughout the Central and Southern Hemisphere with its support of corrupt, reactionary, totalitarian regimes and bitter exploitation of the native population. The countries receiving these investments remain impoverished.

Wall Street may not yet be too greatly worried about the increasing appetite of the Latin American bourgeoisie and their increasing apprehension concerning the encroachments of the Yankee dollar. It may not yet feel too greatly alarmed about the workers in the republics to the south becoming more articulate and militant. The fact that 66 per cent of Latin American bonds issued in the United States were in total or partial default by 1938 can probably still be remedied. There remains the important consideration that the economies of the two parts of the Hemisphere are in many respects competitive rather than complementary; especially in regard to agricultural products and raw materials. Again and again this poses the problem before the American monopolists of capital investments and subsequent expansion to the south versus their own home market.

Moreover, the combined annual national income of the 20 Latin American republics, comprising a total population of 120 million, is estimated to be no more than \$15 billion. More than half of the population subsists on an annual family income of about \$100. Only a small percentage reach \$1,000 and upward. These are the serious limitations upon large scale expansion of the Latin American market. After all, such an expansion, under modern economy of commodity production, requires, as its essential prerequisite, a rising level of purchasing power. Neither the Latin American bourgeoisie nor the Yankee imperialists have any intention of bringing this about.

Monopoly capitalism and imperialism sets in motion and constantly strengthens a tendency toward economic stagnation both at home and abroad. England and India furnish the best examples. Another example is Latin America which has served up to now as the main laboratory for the rise of American imperialism. As imperialism develops it puts limitations even upon the export of *new* capital and goods because of the increasing export of interest on existing investments. This does not bring about any activity within the home economy, neither of added employment, wages, nor of added mass consumption.

With the huge reserve of surplus capital pressing inexorably for profitable fields of investment, Wall Street is turning its attention chiefly to the fabulous riches of Asia, in the first instance, to China. The United States remains in occupation of Japan and half of Korea. American diplomats are well en-

trenched in Chungking and thousands of marines stand armed on the Chinese mainland. As a result the Wall Street bankers have shut out virtually all imperialist competition from China. By the terms of the British loan they aim to surround Singapore and Hong Kong via London.

Although China is not more than one-third explored geologically, it is known to possess immense coal reserves and large iron ore reserves (estimated at 2 billion tons). It is the world's leading producer of tungsten and antimony, a considerable supplier of tin (the latter two being strategic war materials not available in the United States), in addition to copper, magnesite, molybdenum, mercury, etc. But these assets, are, no doubt, viewed by the imperialist bandits as merely supplementary to the huge reservoir of exceptionally cheap labor power.

## Imperialism and the Colonies

China is for Wall Street the first ripe fruit of the war victory, an unlimited source of raw materials, an outlet for the superabundant American products, and a field for investment of new capital. And therefore, throwing their full support to the reactionary Kuomintang regime, the American imperialists are preparing the ground to harvest the anticipated returns. Their first concern was to end the civil war and to "stabilize" and "normalize" the existing turbulent class relations. The independent existence of the Yen-an Stalinist forces constituted a threat to their imperialist plans of exploitation and a potential source of new mass rebellion. And so, under the usual "democratic" cover of peace, the Wall Street Ambassadors were successful in obtaining a temporary pacification. This was facilitated by the Stalinists who were only too eager to prevent further mass rebellion.

Already in 1937 they had issued a manifesto setting forth their policy of liquidation and subservience to the reactionary Kuomintang regime. Point five of this manifesto declared: "The policy of insurrection which aims at the overthrow of the Kuomintang political power, the policy of land confiscation, and the policy of Communist propaganda shall all be disowned and discontinued."

The possibility of "unification" was facilitated also by the Sino-Russo treaty, signed at the height of the civil war, in which the Kremlin pledged Soviet moral and material aid exclusively to the National Government (of Chungking). Viewed in retrospect, all this conniving stands out clearly as a united conspiracy to crush the revolutionary movement of the Chinese masses. This is about the only real unity attained in China so far.

The American imperialists visualize China as a strategic base to establish their control of the Far East. But China is primarily a backward peasant country. Almost four-fifths of her population subsists on a meager peasants' lot; 65 percent of these are entirely landless. It is estimated that 81 percent of her cultivable land is owned by only 13 percent of the rural population. Among the latter is the powerful landed gentry. The peasants are landlord-ridden. As a result the Chinese internal market has become increasingly impoverished. The poverty-stricken peasants have no purchasing power. The landed gentry have always been hostile to industrial expansion, fearing that this would attract the landless pariahs away from the land. This gentry form the primary base of the reactionary Kuomintang regime.

Moreover, large scale capital expansion, in the sense of industrialization of China, is impossible unless the peasant is freed from the crushing burden of the medieval economy. But this would carry all the implications of a revolution. Neither the

Chinese urban bourgeoisie nor the Wall Street agents will encourage such a step.

What I said in a previous article on the World Role of U. S. Capitalism will bear repetition here:

Any advance in industrialization by a victorious American capitalism penetrating colonial or semi-colonial spheres in Asia or Africa would bring its own deep repercussions. Instead of allaying the once awakened nationalist independence aspirations of the native populations it would add new fuel to the smouldering fires. Instead of suspending their struggle against imperialist exploitation it would lead this struggle to new heights of intensity.

Capitalism came into being as a progressive force to develop the productive powers of society. Based on its inherent necessity of constant expansion and exploitation its whole system is in decline and decay long before it succeeded in actually developing the productive forces of the largest and economically most backward areas of the world. Although the United States is the latest and the most powerful among great nations aspiring to a redivision of the world, its aspirations are no less unrealizable. It cannot reverse the process of capitalist decay. By its very powers it further aggravates this process and speeds along the revolutionary epoch toward its culmination.

This is how the problem of imperialist expansion in Asia presents itself from the long term perspective. It also produces more immediate repercussions. Already the potentialities of serious revolutionary upheavals exist in Asia no less than they do in Europe. And this, to be sure, is one of the important reasons for the American occupation of two continents. Yet the military occupation holds out an even more terrifying perspective, fraught with deadly consequences for the whole of mankind. Wars and colonial exploitation are equally inseparable aspects of imperialism. And without a doubt, the imperialist penetration of China constitutes the second arm of a gigantic pincer thrown around the Soviet Union. This penetration includes the American training and rearming of the Chinese nationalist army. In other words, American imperialism is attempting to consolidate its power in preparation for World War III.

Such are the major considerations determining the policy of occupation. Economics, politics and military force are here completely integrated. Democratic shields, charters intended to be forgotten and deceptive proclamations of freedom and self-determination receive their real meaning only in terms of this imperialist integration.

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## WAGES AND PRICES

By falsely citing the "excessive" demands of the workers, the big bourgeoisie skillfully transforms the questions of *commodity prices* into a wedge to be driven between the workers and farmers and between the workers and the petty bourgeoisie of the cities. The peasant, artisan, small merchant, unlike the industrial worker, office and civil service employee, cannot demand a wage increase corresponding to the increase in prices. The official struggle of the government with high prices is only a deception of the masses. But the farmers, artisans, merchants, in their capacity of consumers, can step into the politics of price-fixing shoulder to shoulder with the workers. To the capitalist's lamentations about costs of production, of transport and trade, the consumers answer: "Show us your books; we demand control over the fixing of prices." The organs of this control should be the *committees on prices*, made up of delegates from the factories, trade unions, cooperatives, farmers organizations, the "little man" of the city, house-wives, etc. By this means the workers will be able to prove to the farmers that the real reason for high prices is not high wages but the exorbitant profits of the capitalists and the overhead expense of capitalist anarchy. (*The Transitional Program of the Fourth International, 1938.*)

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# Full Employment and the Fallacy of Keynesian Economics

By WARREN CREEL

The Murray "Full Employment" bill is a promise to stabilize capitalism by a controlled program of government spending, the same program that is advocated by Henry Wallace in his book *60 Million Jobs*. Murray and Wallace propose to cure ailing capitalism by applying the new theories of the British economist, John Maynard Keynes. In a few short years the doctrines of the Keynesian school have been hailed and adopted by leading capitalist economists, and have become the new orthodox capitalist economics. Their speedy adoption is a direct result of the crisis of capitalism; new times call for new camouflage.

The Murray bill does not propose to set up a fund for public works or for unemployment relief, or any other form of government stabilization. It amounts to nothing but a pious promise. The president is directed to make a report to Congress once a year on whether business needs stimulation by government spending. A board of three economist experts is created to tell him what to say, at \$15,000 a year per economist. After the president's annual reports, Congress will act or not, as it chooses.

Before the Murray bill was finally passed and signed by the president, Congress modified the promise from "full employment" to "maximum employment," but it enacted the concrete provisions, for the report and the board of experts, in original form. Congress took no "teeth" out of the bill because it had none to start with.

Yet the bill offers a Keynesian program, even though it doesn't guarantee that Congress will do anything about it, and this program can be examined; first as to the aim of the Keynesian plan; second, as to the economic theory of it, and whether it can do all or any part of what it claims.

The authors of Keynesian plans dramatically promise jobs for all workers. Yet from their class background, it would seem more natural for them to be aiming at stabilizing capitalism from the employers' point of view. Senator James E. Murray, the author of the "Full Employment" bill, is a millionaire lawyer and Montana copper heir. Henry Wallace, Secretary of Commerce and author of the book *60 Million Jobs*, is a wealthy business man also interested in the national farm paper *Wallace's Farmer*. In Britain Sir William Beveridge, author of *Full Employment In A Free Society*, is an Oxford professor and government economic adviser who was knighted for his support of capitalism after the first World War, and is carrying on after the second. John Maynard Keynes, Cambridge professor and director of the Bank of England, today is Lord Keynes, created First Baron of Tilton by the Churchill government for his services to the empire.

Every now and then in their writings these people admit their real fear is that capitalism couldn't survive another depression. Their aim is to stabilize capitalism, not to give jobs to workers. Still, one might say that if they want to save capitalism by providing plenty of good jobs, we don't have to

object just because the offer comes from the bosses. But when we dig into the economics of this program it turns out to be a plan for full "employment" of capital, not of workers. Under capitalism, this must necessarily be the case.

To explore this question it will be necessary to begin with some elementary economics which seem too simple to need restating, and yet the Keynesians operate by creating confusion about these basic processes.

A detailed illustration will clear up the terms that they seek to confuse. A capitalist owns a factory for making, let us say, clothing. He also owns, or can borrow from the bank, some funds to buy raw material, such as cloth and thread, and to hire workers. He owns the necessary machinery and money for production, therefore he gives the orders to run, or to shut down and lay off the workers.

The capitalist estimates how much clothing he can sell at a good price and orders production of that much. His money is tied up in the commodities that have been produced until he sells them and gets his money back, plus a profit.

The central point here is that *profit comes from production* and is collected in the sale of commodities. The connection with production may be hidden by one or many steps in between. For instance, if this manufacturer borrows some bank funds the bank seems to draw interest from "loaning money" rather than production, but in reality, the bank's interest comes from the factory's production and sales, just the same.

The capitalist ties up his money in production, and he must sell the commodities at a good price or suffer a loss. Therefore, if he sees no market for the commodities he is wiser to shut down the factory and keep his money instead of risking it. Of course if he shuts down the workers go without jobs and society goes without clothing, but that's the system. Under capitalism clothing factories are run by capitalists for increase of capital, and not by society for clothes.

Thus any single capitalist can allow the wheels to turn in his factory only when production will increase his capital. This also is true for the capitalist class as a whole; production is possible only when it will increase the total capital wealth. *Capitalism cannot run on an even level; it must expand or perish.*

If the clothing factory owner has made a profit, his money-capital has grown. But a mere growth of a hoard of idle money, without growth of the plant which it can serve, is not a growth of real wealth. Nothing irks a capitalist more than idle money, bringing no return. Moreover, if he and his fellow capitalists should try to pile up idle money, instead of buying commodities with it, their hoarding would discourage the production of commodities, since they could not be sold, and this would bring on a crisis in the economic system.

The solution, of course, is for the capitalists to invest their money-capital in real capital equipment, that is, buy more machinery and build more factories. Thus their real wealth would

grow, their money would be invested to bring a profit, it would be buying commodities, machinery and building materials, and thus keeping the economic system in a healthy state.

This solution has this catch to it. There has to be a growing market to buy the additional commodities that the additional factories would produce. Otherwise the new factories would prove a losing investment. To maintain capitalism this growth must go on forever. When the capitalists can't find new markets they can't invest by buying machines for new factories. Their failure to buy throws workers out of jobs, workers who were part of their old market, and the further drop in their old market thus builds up into a crisis. The capitalists must have the very special condition of always finding new markets or they can't even keep their old markets. Again it becomes clear that capitalism must expand or perish.

The problem of the capitalists is to keep finding a steady supply of new investment opportunities for their capital. Not employment for workers, but "employment" (in a loose sense of the word) for capital is their need.

### The Expansion of Capitalism

One might ask, how could capitalism have survived so long if this unusual condition of steady expansion is really vital? Because capitalism *was* expanding. The factory system of capitalist production was becoming well established about a century and a half ago, by 1800. From that time to 1914, the curve of capitalist growth went exactly as would be expected from theory. The figures of world production of pig iron, a basic industrial material, which in a general way indicate the level of all capitalist production, show that for a century and a quarter this "special" condition of growth was the rule. For comparison, figures from the three previous centuries of the merchant capitalist era, while production was still on a handicraft basis, are included.

WORLD OUTPUT OF PIG IRON, 1500 to 1938

Year	Tons Produced	Year	Tons Produced	Year	Tons Produced
1500	60,000	1830	1,800,000	1900	39,810,000
1700	104,000	1840	2,700,000	1910	64,760,000
1740	157,000	1850	4,700,000	1915	59,700,000
1790	278,000	1860	7,220,000	1920	62,850,000
1800	460,000	1870	11,840,000	1929	97,410,000
1810	616,000	1880	18,160,000	1932	38,989,000
1820	1,000,000	1890	26,750,000	1937	101,188,000
				1938	79,344,000

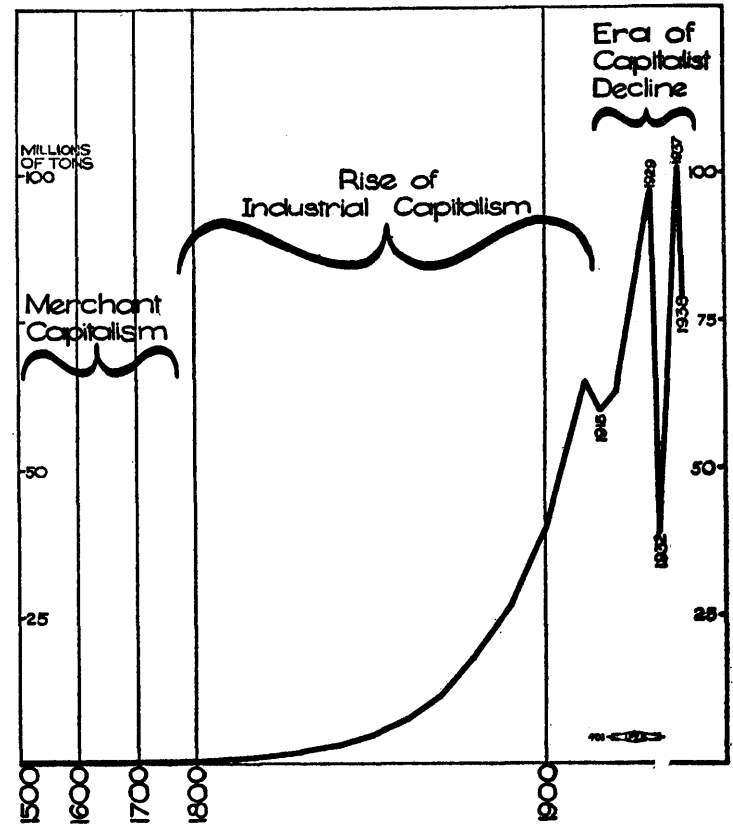
(Sources: Mulhall's Dictionary of Statistics; Encyclopedia Britannica; League of Nations Statistical Yearbook, 1943.)

The astonishing regularity and scope of this growth appears more clearly when it is charted. The rise of industrial capitalism, a period of a little over a century, marks a real dividing line in human history. In the chart, the three centuries of merchant capitalism have been compressed, to give more room for the curve of the last 150 years.

Such a constant growth of new markets and new factories could go on while capitalism was a new system with a world to grow into. That period had ended by the early years of the present century when the capitalist empires had reached out and covered the world.

That meant no more growth for capitalism as a whole. Any single capitalist power could get a new market only by taking it away from some other capitalist power. Thus the First World

The Course of Capitalist Production as Shown by World Output of Pig Iron In Three Eras of Capitalism—1500 to 1938



War, in 1914, was the sign that the era of capitalist rise was over, and the era of capitalist decline had begun. The chart of output shows the instability of capitalism since that time. The smooth accelerating rise stops, and the course of production becomes a set of the most violent zig-zags, sharp booms and crashes.

The failure of the capitalists to find new markets destroys their old markets and throws the whole system into fierce crises of a new sort, far graver than in the previous period. The era of capitalist decline is the era of capitalist convulsions.

Such is the summary, necessarily oversimplified and sketchy, of the standard Marxian analysis of this epoch, and the reasons for calling it the era of capitalist decline. With this background, we can take up the Keynesian proposals, for they are directed toward solving the problem of this stage of capitalism.

The problem appears to the capitalists, and therefore also to the Keynesians, as a lack of opportunities for new investment. Driven by the pressure of billions of uninvested dollars they look around for some substitute for the old-fashioned process of investing in production. Isn't there some other type of investment that can constitute capitalist wealth? "Yes, there is," say the Keynesians, "and we have found it. You can invest in government bonds. Your pile of capital assets, in the form of government securities, will grow, just as your ownership of wealth would grow if you built a new factory. The government will spend the money on public works, so the money will stimulate the market, just as if you had spent it for machines for a new factory. Although the special conditions of the period of capitalist youth and growth have gone, the government, by these

few measures of central control, can do all that is necessary to restore and maintain capitalist prosperity permanently."

The question is, can the accumulation of Keynesian wealth, of piles of paper government securities, serve the capitalists as a substitute for accumulation of productive capital? The leading capitalist economists say, "Yes," and so does Henry Wallace. But they base their optimism on a glaring fallacy, a confusion between:

1. Real investment, in commodity-producing capital goods.
2. Fictitious investment, or interest-bearing loans for consumers' goods.

Use in producing commodities for sale is the test of the difference between capital goods and consumers' goods. It is not that capital goods are machines, or that consumers' goods are non-durable articles like food or clothing. An oil burning furnace in a home is a machine. It provides heat, just as food provides nourishment, but it does not serve in producing commodities for sale at a profit, so it is not capital. A million dollar bombing plane or a ten million dollar battleship is a machine, it provides military enforcement, but it does not serve in producing commodities for sale, so it is classified as consumers' goods and not capital investment. The money spent for it is gone financially, unlike money spent for capital goods, which is due to return from the sales of produced commodities.

## Government Bonds

But suppose the government sells bonds for military expenses. The clothing manufacturer in our illustration, lacking a promising opportunity to invest in a new factory, takes some surplus funds and loans them to the government, although he calls it "investing" in government bonds. He expects return of his money, with interest. With the money the government buys a bombing plane, bombs, etc. Now the money is spent on consumers' goods and financially gone. If the bombs are exploded or the plane shot down that only dramatizes the fact. If the plane survives it still does not produce commodities for sale to pay off the bond. Where is the wealth that the bond should represent? Marx called such pieces of paper "fictitious capital."

Trotsky explained this process in the following way:

When a government issues a loan for productive purposes, say, for the Suez Canal, behind the particular government bonds there is a corresponding real value. The Suez Canal supplies passageway for ships, collects tolls, provides revenue, and, in general, participates in economic life. But when a government floats war loans, the values mobilized by means of these loans are subjected to destruction, and in the process additional values are obliterated. Meanwhile, the war bonds remain in the citizens' pockets and portfolios. The state owes hundreds of billions. These hundreds of billions exist as paper wealth in the pockets of those who made loans to the government. But where are the real billions? They no longer exist. They have been burned. They have been destroyed. What can the owner of these securities hope for? If he happens to be a Frenchman, he hopes that France will be able to wring billions out of German hides, and pay him. (*First Five Years of the Communist International*, Vol. I, page 185.)

What is the effect on the economic system when accumulation of paper claims is substituted for accumulation of real capital? Real investment in capital equipment has a double effect: On the one hand it stimulates economic activity, putting money into circulation through the purchase of machinery and other commodities. On the other hand, it increases the real wealth of the capitalist, by increasing his ownership of profitable productive equipment, and this gives him the motive for spending his money in investment. How does fictitious invest-

ment in unproductive paper claims compare with respect to these two effects?

Regarding stimulation of economic activity, the effect of fictitious investment is the same as that of real investment, at the beginning. True, there is a fearful reaction later. But the first effect is genuine stimulation, and this can be very important. A million dollars spent stimulates business just as much whether the manufacturer spends it for sewing machines or the government borrows it and spends it for airplanes, or public works such as parks, or for unemployment relief.

After the First World War the European governments by issuing fictitious capital managed to create an artificial economic revival. In spite of its artificial character, Trotsky pointed out:

The fictitious postwar boom had, however, great political consequences. There is some justification for saying that it saved the bourgeoisie. Had the demobilized workers from the very beginning run up against unemployment, against living standards even lower than before the war, it might have led to consequences fatal to the bourgeoisie. (*First Five Years*, page 203.)

How do matters stand as to the second effect, the increase of the real wealth of the capitalists? Here fictitious capital not only fails to provide the promised growth of wealth, it reacts against its creators.

After a fictitious investment, the wealth is gone and only a piece of paper remains. How does the government pay on it? By levying taxes on production which is carried on with real capital. For instance, it taxes the income from the clothing manufacturer's sales. But the clothing manufacturer already has a claim on that income, to pay on his investment in the factory. The government bond comes along as a *duplicate claim on the same old productive capital*.

Fictitious capital is not an asset, but a parasitic claim which fastens on real capital. For the capitalist class as a whole, fictitious capital is not an increase in wealth, but an increased burden on what they already own. It leads to a struggle between groups of capitalists to see which of them can push the burden on the other group's capital, "to wring billions out of German hides."

For the whole capitalist class, the intensified effort to squeeze more out of production means squeezing it out of the workers, paying less wages to leave more for taxes to pay the holders of government paper.

Of course a large fund of real capital can stand a small drain. That's why in the past governments were able to pay on their bonds. As long as he gets his payments the individual capitalist can see no difference between collecting profits from production or collecting interests from a government loan. But, as Marx pointed out, to shift the bulk of capital from production to parasitism is another matter:

This is practically correct for the individual capitalist. He has the choice, whether he wants to invest his capital as an interest-bearing one or as a productive one . . . But to make this conception a general one and apply it to the total capital of society, as some vulgar economists do, who even go so far as to regard this capital as the source of profit, is, of course, preposterous. The idea of a conversion of the total capital of a society into money-capital without the existence of people who shall buy and utilize the means of production, which form the total capital with the exception of a relatively small portion existing in the shape of money, is sheer nonsense. It implies the additional nonsense that capital could yield interest on the basis of capitalist production without performing any productive function, in other words, without producing any surplus-value, of which interest would be but a part; that the capitalist mode of production could run its course without any capitalist production. (*Capital*, Vol. III, pages 443-4.)

Would the Keynesian process go so far as to convert the whole capital, or the bulk of the capital of society into interest-drawing capital, divorced from production? It will go as far as it can, and it has already gone far. This is fictitious *accumulation*, trying to substitute for real accumulation. Since it's a one-way growth, it can only operate by getting bigger.

Fictitious capital must be compared with the real capital it seeks to feed on. According to the best estimate, Robert R. Doane's *Anatomy of American Wealth*, in 1938, the dollar value of all the man-made capital equipment in the United States was 133 billion dollars. This covers factories, railroads, utilities, business buildings, farm equipment, etc., but not land. All the paper capital, stocks, industrial bonds, mortgages, government bonds, etc., is only an open or concealed claim on this real capital.

The main item of fictitious capital, federal debt, in 1914, was only one billion dollars. When the real expansion stopped fictitious expansion set in, until today the federal debt is near 300 billion dollars and still going up. And this in the most favored of capitalist powers!

Part of this is goods blown up in the First World War. Another part comes from government spending during the depression to create a market. Together those put the federal debt to around 50 billion—a colossal quantity of vanished wealth. The remaining 250 billion was destroyed in waging World War II.

What remains is 300 billion dollars of parasitic claims, seeking to draw from the approximately 133 billions of real capital probably considerably greater now, in competition against the claims of the owners. Such a drain on production must lead to a fierce pressure for lower wages and higher prices, exactly the opposite of the high-wage prosperity promised by Wallace, Murray, Beveridge and Keynes.

Their proposal for further fictitious accumulation is set forth as a "Nation's Budget." This is an estimate of the desired level of all economic activity, consumer spending, business investment spending, etc., as well as government activity. This is what the Board of Experts created by the Murray bill will draw up.

The Nation's Budget recommended in Wallace's book sets forth a desired level for business investment of 30 billion dollars per year, every year, in capital construction to provide the widely advertised 60 million jobs. It is clear that Wallace ought to call his book *30 Billions Capital* instead of *60 Million Jobs*.

In America's record investment year, 1929, capital investment came to about 5 billion dollars, or one-sixth of the rate Wallace proposes for growth of capitalist wealth. Wallace incorrectly describes his 30 billion a year goal as only two times the 1929 rate of capital formation, instead of six times. He reports capital investment in 1929 as 18 billion dollars, rather than five billion, but he chooses the wrong figure. American capitalists *saved* something close to 18 billions in 1929 and *wanted to invest it*. But the consumer markets, even in those boom days, justified less than five billion of real equipment construction. The rest of their savings could find no outlet but speculation: the stock market boom, the Florida land boom, and other crash-bait. (See the Brookings Institute's *Income and Economic Progress*, pages 44 and 174-5.) It is typical of Wallace's Keynesian outlook that his statistics report the desires of the capitalists, rather than the actual course of production.

We can now see that Wallace's estimates are truly breathtaking. The productive plant owned by American capitalists now stands at say, approximately 133 billion. By adding to it 30 billions a year they would double it in 4½ years, and triple

it in nine. In nine years, by 1955, they would possess three Detroits, three steel and coal industries, three textile and clothing industries, three agricultures, three of everything, all producing.

American capitalists are trying to take over the world to give a market for one United States. Where would they sell the commodities from three? And of course they won't and they can't build the new factories unless there is a market for the extra commodities.

## The Nation's Budget

So, in fact, there will not be this capital construction. But Wallace doesn't pause. The Nation's Budget is just a guarantee of what the capitalists are to be given one way or another. The Board of Experts will also draw up an estimate for each year of what probably will be spent, including what business probably will invest in capital construction. That will be less. (For 1929, for instance, the probable business investment would have been 25 billion less than the Wallace guarantee of 30 billions.) Then—Then, and this is the heart of the whole plan, *the government is to make up the difference*.

Thus the plan is to provide fictitious accumulation when real accumulation fails. What the capitalists can't invest in factories will be given an outlet in government securities, and the government will spend it in public works to "produce the necessary total national production." *And the mountain of parasite paper will mount*.

Always that hungry mass of debt claims keeps growing, and the Keynesians have to explain it away. They do it by confusing real and fictitious wealth. They call the papers "assets." The debt is no real debt for the nation, they say, because a debt is also some American's asset, unless it's an external debt, owed to foreigners. If I owe a hundred, I'm that much in the hole, but the other man has my written promise to pay, which is a hundred dollar asset. He is ahead as much as I'm behind, so the nation as a whole is just even, which cancels the debt as a national burden.

Of course this is false. A paper is never an asset, only a claim. Real goods are assets. If I bought consumers' goods with the hundred I borrowed, and consumed them, then the wealth is gone. To pay the claim I must work and produce goods, and deliver goods or money that will buy goods to the holder of the promise. Then he will have assets for his claim. Until I do that there is no wealth or asset for the claim. If economic conditions won't let me find employment and produce goods there never will be wealth for the claim. The federal debt is a memorial to 300 billion dollars of wealth consumed and gone, and it is not anybody's asset.

Trotsky pointed out that fictitious capital "tends to give an incredibly distorted picture of society and modern economy as a whole. The poorer this economy becomes, all the richer is the image reflected by this mirror of fictitious capital." That incredible distortion is the stock in trade of Keynesian economics.

Unlimited growth of debt suits the Keynesians, since accumulation is their object. Professor Alvin Hansen of Harvard, prominent Keynesian and federal economic adviser, makes no bones about it:

The attack on chronic unemployment by means of public expenditures financed by a continually rising public debt is essentially a conservative proposal.

Even if the public expenditures are for munitions to be

burned in war that makes no difference. Hear Prof. Hansen again, on their doctrine that debts are canceled by being assets also:

We shall come out of the war debt free. We shall have no external debt, only an internal debt.

This indifference to destruction of real wealth was expressed most pointedly by John Maynard Keynes himself, who boasted in an article in the *New Republic* of July 29, 1940, that out of World War II "good might come from evil," because war conditions would make it politically possible "for a capitalist democracy to organize expenditures on the scale necessary to make the grand experiment which would prove my case."

### The "Grand Experiment"

Sure enough, the expenditure was organized, and today Lord Keynes, director of the Bank of England, presides in person over his "grand experiment." The joint stock banks of England are brimming with Keynesian wealth; ninety per cent of their "assets" are government paper, compared to ten to fifteen per cent before the war. In spite of these riches Keynes must go to the United States to negotiate a loan to buy commodities. England's poverty is so desperate that Keynes must consent to strip her of trade protections, leaving the markets of the British empire at the disposal of United States imperialism, in return for a mere three and three-quarter billion dollars of commodities!

Meanwhile, why aren't the American capitalists smiling in satiated contentment over their own 300 billions of Keynesian wealth, most of it accumulated from the "grand experiment"? Why aren't they glorying in being debt free—Alvin Hansen style? Instead, the burden of fictitious capital is an important part of the goad that drives them to sacrifice even their allied British and European capitalisms in the search for real capital and real markets to feed their parasite paper claims.

After the First World War, when it still possessed an unburdened accumulated capital, American capitalism was a little

less hungry. It was eager to subordinate and exploit, but did not feel compelled to eliminate Europe. But a quarter century of the era of capitalist decline has steadily used up the leeway that American capitalism once had. Today the United States must drive out all competitors.

At home this advanced state of capitalist decline dooms the Wallace-Murray program even as a temporary aid to employment. It is true that fictitious accumulation in its first stage stimulates the economic system. But in the second stage it turns into its opposite and chokes the economic system.

Marx called capitalist spokesmen like Keynes "vulgar economists." These capitalist apologists don't look for scientific principles; they merely supply excuses for whatever the capitalist class already is doing. Fictitious accumulation had been adopted by capitalism on a large scale for over two decades before Keynes wrote his *General Theory* in 1936. Trotsky was pointing out the effects of the device in 1921. Today, Wallace and Murray come out with a proposal to inaugurate this method, after it has already loaded immense burdens on the workers of the nation and the world and has proved its worthlessness.

Thus we see the facts completely expose the promise that by manipulating fictitious capital, the capitalists can stabilize the system even for themselves. Capitalism has demonstrated that it cannot "smooth out" business crises, cannot soften the jagged zig-zags of boom and bust that have always cursed capitalism, but on a more terrible scale in this era of decline. And it must be remembered that these jagged zig-zags were mitigated by the manipulation of fictitious capital. That is all the capitalists could accomplish even by reckless use of this suicidal device, in its first, best period.

In the future it can't even give the past results. At first it was possible for capitalism to rescue itself and ward off rebellious sentiments among the workers by sacrificing from its store of fat, by allowing an extra load on its unburdened capital. Today, in contrast, the capital has been burdened, doubly and triply. There is no fat to spare.

## The Atlantic City Auto Union Convention

By ART PREIS

It is unfortunate that the central issue before the CIO United Automobile Workers convention, held March 23-30 in Atlantic City, found expression only indirectly through the struggle among the top leaders for posts.

Most of the basic questions were not discussed openly on the convention floor. This obscured the vital differences on program and policy which underlay and gave so bitter a character to the fight for the UAW presidency between General Motors strike leader Walter P. Reuther and the incumbent president, R. J. Thomas.

That more was involved than a mere conflict of personalities was indicated in part by the capitalist press, which paid extraordinary attention to the convention's daily proceedings. Leading newspapers reported edition by edition the progress of the hours-long roll call vote for the UAW presidency and half-hour radio bulletins were flashed all over the country.

In the minds of the majority of delegates, the basic issue, though never clearly expressed, was the program and policies of the GM strike. By their majority vote for Reuther as UAW

president, the delegates vindicated the GM strike and intimated their desire for the continuation and development of the program and policies implicit in that strike. In this sense, the underlying conflict at the 1946 UAW convention was a continuation and extension of the struggle that dominated the previous convention in September 1944. The 1944 convention, held at the height of the war, was wracked by the fight over the no-strike pledge.

For nearly three years the auto workers, like the rest of labor, had been caught in the vise of the wage freeze and wartime inflation. Their accumulated grievances had been buried under mountains of War Labor Board red tape. The corporations were violating contracts and committing provocations with impunity. The whole struggle of the auto militants was centered on breaking the shackles of the no-strike policy forged by their leaders.

Although the UAW top leadership had always been torn by factional differences, it nevertheless united against the ranks in defense of the no-strike policy. Reuther, it is true, attempted

to cater to the militant sentiments by presenting a "compromise" proposal. But unable to straddle the fence on the issue, in the end he went down the line with the rest of the leadership.

Although the opponents of the no-strike pledge mustered some 35 percent of the convention votes, they could not swing a majority. Their chief obstacle, and one they were not ready to confront, was the fact that the auto workers in the main supported the war and Roosevelt's war program. The convention delegates knew, and the leadership pounded home the fact, that to scrap the no-strike policy meant an open, bitter fight against Roosevelt and the government.

The majority were not prepared to make that fight. But neither were they prepared to accept the consequences of the no-strike pledge, which meant unconditional surrender to the arrogant corporations. They therefore left the decision inconclusive and finally voted to refer the issue to a membership referendum.

This referendum, however, in turn proved inconclusive. When the results were announced in March 1945, it was revealed that less than 20 percent of the membership had cast ballots. A significant third of the votes were for rejecting the no-strike pledge, but the majority of the relatively small number voting endorsed it.

Armed with this mandate, the UAW leaders proceeded to crack down on the union militants. The latter, having no officially recognized and effective means to resist the mounting corporation provocations, were goaded into one desperate and isolated "wild cat" strike after another. The leadership merely redoubled its strikebreaking efforts and retaliated with new threats and increasingly harsh "disciplinary" measures against leading local militants. The emboldened corporations, with the sanction of the International union leaders, fired not a few good union men and began a systematic campaign of provocations.

By the summer of 1945, prior to V-J Day, the UAW was blazing from one end to the other with "wild-cat" strikes. Like volunteer firemen in a dry summer, the UAW leaders were racing from one strike to the next trying to smother the flames. At one point, as Reuther admitted during one of his caucus rallies in Atlantic City, the UAW Executive Board confronted no less than 67 simultaneous unauthorized strikes.

The union was rent by an increasingly fierce conflict between the ranks and the leadership. The latter met the demands of the members for militant resistance to the corporations only by new bureaucratic expulsions, removal of local leaderships and similar suppressive measures.

This policy was climaxed during the bitter Kelsey-Hayes strike which lasted six weeks. This strike occurred in September and October 1945, following V-J Day, after the UAW Executive Board had formally renounced the no-strike pledge, already scrapped in practice by the membership.

Nevertheless, headed by R. J. Thomas, the UAW leaders sought by every means of deception and intimidation to break the Kelsey-Hayes strike. In the end, the workers were forced back to work with several local leaders remaining fired. The local union was placed in the hands of an appointed dictator-receivership. This outstanding act of strikebreaking and bureaucratic practice cost the leadership a further tremendous loss of prestige.

Thus, during the period following the no-strike referendum, the UAW presented a disorganized and chaotic appearance. It had no leadership nor effective program. "Wild-cat" strikes, while reflecting the just indignation of the workers and their

will to struggle, were an isolated and sporadic form of resistance and therefore ineffective. This was appreciated by the most advanced militants in the UAW.

In Detroit, 40 local union presidents came together in the middle of May, 1945 and formulated a program for the union. Already, the UAW was beset by cutbacks and increasing unemployment. The auto workers were feeling the pinch of the loss of overtime pay through the return to the 40-hour week. The demand was raised for a fight against reduction of take-home pay, concretized in the slogan "52 hours pay for 40 hours work."

## The June Regional Conferences

Then at a conference of 400 local union officers of the two largest UAW regions, 1 and 1A of Detroit, held June 14, 1945, against the opposition of the UAW top leaders, headed by R. J. Thomas, the delegates approved with only 20 dissenting votes a resolution calling on the UAW Executive Board to initiate an industry-wide strike vote "to guarantee success of their negotiations" for a "30 percent hourly pay increase."

This resolution was in opposition to an official resolution, introduced by a hand-picked Resolutions Committee majority. The latter was virtually identical with the minority resolution—with the omission of the call for strike action. Thomas spoke heatedly against the minority resolution and against the union being "rabble-roused into a strike." Richard T. Leonard, Director of the UAW's Ford Department and later author of the notorious "company security" clause, was chairman of the meeting. He tried to call the minority resolution "out of order," but was overruled by the conference. The well-known Stalinist John Anderson, of Detroit Amalgamated Local 155, was the only local union officer who opposed the strike recommendation from the floor.

Reuther alone among the top UAW officers appreciated the powerful sentiment for militant action. And he began to ride with the tide. In an evasive, but militant-sounding speech, he spoke of the need for "reevaluating the basic policy of the union."

Two months after the Detroit Regional Conference, with the surrender of Japan, Thomas was forced to announce the formal end of the UAW's no-strike pledge. But he accompanied it with a fearful admonition against any "rash of strikes" and threats against strikes "without authorization of the International President and Executive Board."

Thus, even after the war had ended and on the eve of the greatest strike wave in American history, the Thomas-Addes leadership represented a conservative, weak and timid policy. They wanted to continue the policy of class collaboration, of reliance upon the capitalist government, which had reached its most disastrous point during the war years.

Reuther, on the other hand, seized hold of the situation. He began to give more and more positive leadership to the militant trend. At the General Motors Delegates Conference on September 15 he supported the decision for a corporation-wide strike "to take place within two months." That titanic strike began on schedule, November 21, 1945.

The Thomas-Addes-Leonard faction never really supported the GM strike. They merely "went along" with it insofar as they could not prevent or derail it. What they subscribed to most readily was the weakest part of Reuther's program, his "one-at-a-time" strategy. The major concern of the Thomas-Addes group throughout the GM strike was to prevent its spread to Ford, Chrysler and other companies.

It was the merit of Reuther that, by and large, he gave the

GM strike aggressive leadership. He certainly weakened along the road, as when he yielded to Truman's pressure and appeared before the administration's "fact-finding" board after having condemned it. But he was a model of resoluteness compared to the conservative and timid conduct of Thomas.

The GM strike became the spearhead of the whole American labor struggle for higher wages. It inspired and set the pattern for the gigantic strike wave in January-February 1946 when nearly two million workers of entire basic industries, such as steel, electrical equipment, meat packing, fought simultaneously on the picket lines.

Above all, the GM strike set the example for a policy of militant class struggle as against class collaboration with the employers and their government. It showed the industrial workers the road to victory through fighting action.

### Unique Program of GM Strike

Moreover, the GM strike was unique in other respects. Its program went beyond the question of immediate wage increases. The GM workers advanced new and important demands affecting the broadest economic and political issues. They posed the question of prices, profits and the control of production—matters which the capitalist owners of industry have always insisted are the exclusive "prerogatives of management."

By contrast with the militant policies and advanced program of the GM strike, the Thomas-Addes-Leonard group pursued a conservative course, best exemplified in the negotiations with the Ford Motor Company.

They wanted to demonstrate the superior effectiveness of "labor statesmanship," that is, a policy of collaboration with the corporations, as against strike action.

The "labor statesmen" finally came out with an agreement for an 18-cent an hour raise. This raise was actually won for the Ford workers by the GM strikers. But in hastening to accept Ford's 18-cent offer, the UAW Ford negotiators headed by Leonard, seriously undercut the 30 cents-an-hour wage demand of the GM workers, not to speak of the 19½ cents they might have won on the basis of the government's own recommendation.

Moreover, the UAW Ford representatives acceded to the Ford Company's demand for "company security," that is, the right of the company to fine and fire workers for so-called unauthorized strike action. Only widespread membership opposition forced modification of the "company security" clause in the final contract. But it was retained in principle.

This unprecedented concession to the corporation was designed, both from the standpoint of the company and the union officials, to lay the basis for eliminating the best union militants from the plants. Remembering the "wildcat" strikes for which they themselves were responsible, the Thomas-Leonard-Addes group determined, in collaboration with the employers to establish a method of curbing the militants through empowering the companies to victimize strikers.

At the same time, they sought to hasten the end of the GM strike through proposals for impermissible concessions. Such was Thomas's proposal to reopen the GM parts plants during the strike. Later, he wanted to end the strike without settlement of the extremely important local plant grievances.

Furthermore, the Thomas-Addes-Leonard group sought the intervention of CIO president Philip Murray in order to take the negotiations out of the hands of Reuther and the elected nine-man GM negotiations committee. They directed a persistent underhanded attack at Reuther and his aggressive methods in an effort to destroy his prestige with the GM workers. This

attempt to undermine the GM strike and discredit Reuther largely failed, as the recent UAW convention proved.

Thus, what was on the order of the day for the convention was the question of endorsement or repudiation of the General Motors strike, its general policies and program. And with the examination of the GM strike, should have come a thorough consideration of those key issues which arose out of the whole auto negotiations and struggle. Two of these key issues were "company security" and the "fact-finding" procedure of semi-compulsory arbitration.

But the delegates were denied the opportunity to discuss the GM strike and the related issues. Certainly the Thomas-Addes-Leonard-Stalinist caucus was anxious to avoid any open discussion. This was made abundantly clear when they wiggled out of a proposed debate between Reuther and Thomas through slick parliamentary maneuvering in spite of the majority demand of the convention.

As for Reuther, aside from his demonstrative challenge for a debate, he made no real effort to bring the issues on the floor.

In this sense, the leadership of the Reuther caucus were as much responsible for the muddled and inconclusive character of the UAW convention as their factional opponents. They fixed their eyes mainly on posts and played narrow, so-called "straight" politics. In order to win votes they catered to the more backward and conservative elements, made "deals" with unsavory individuals and skirted the questions of principle.

### Responsibility of Both Caucuses

The issue was boiled down to the question of "For Reuther" or "For Thomas"—for the endorsement of the GM strike or against it. The delegates could not go beyond this point into the elaboration of a program based on their decision. There was no movement in the ranks prepared to push a third alternative to the two presented by the main divisions of the convention.

Reuther played conservative at the convention. He concentrated on the "backwoods" vote by stressing matters of organizational procedure and policy, as well as emphasizing his desire for "responsible" leadership in contrast to his alleged "radicalism." While the main base of the Reuther caucus consisted of the most progressive militants, Reuther's intimate machine included many questionable and reactionary elements. Reuther, hell-bent on election, decided he could not alienate any votes. That accounts for the conservative, "statesmanlike" nature of his convention campaign.

A typical example of Reuther's unprincipled deals with unsavory elements was his support of Melvin Bishop, discredited director of Region 1, Detroit, for first vice-president running against R. J. Thomas. Bishop was thoroughly despised by the workers in his region. He had played ball with the corporations during the war to the extent of going to the managements and having them fire militant workers. He had done this against popular militants at both Hudson and Briggs, two of the principle locals in his region.

When it came to a choice between Bishop, whose name symbolized conspiracy with the corporations, and Thomas, the entire Briggs delegation with one of the largest blocks of votes reluctantly determined to vote for Thomas. Their vote swung many others, and Thomas was elected by a sizable majority.

An especially bad aspect of Reuther's policy was his catering to Jim-Crow elements. Most notorious was his alliance with Richard Gosser, regional director from the Toledo, O., area, who had been repeatedly condemned for his policy of discrimination against Negroes.

Richard Gosser, regional director from the Toledo area,

still maintained backward prejudices against Negroes inclined toward support of Reuther. But the very important, influential and militant section of Negro delegates, who should have been with the main stream of militants in Reuther's caucus, largely supported the conservative wing.

The Stalinists, who were allied with the anti-GM strike, "company security" faction of Thomas-Addes-Leonard, were principally responsible for keeping the support of the Negro delegates for the conservative caucus.

The Stalinists were able demagogically to exploit Reuther's weakness on the Negro question. They took the lead in proposing the establishment of a post on the Executive Board for a Negro representative.

Both the Reuther and Thomas-Addes-Leonard caucus leaders opposed this proposal. Indeed, the most vicious speech against it was made by Ben Garrison, of Ford Highland Park Local 400, the man who made the presidential nominating speech for Thomas. But the fact that the Stalinists, who conspicuously and vigorously supported Thomas, initiated the fight for a Negro Board member played an important part in cementing the support of many Negro delegates for the Thomas-Addes-Leonard clique.

A small section of the most progressive elements in the Reuther caucus also backed the proposal for a Negro board member. These militants, however, pointed out the failure of both caucuses to nominate any of the well-qualified Negro delegates for a top UAW post.

## The Outstanding Event

The positive aspect of the outstanding event of the UAW convention, the election of Reuther over R. J. Thomas, was its implicit endorsement of the GM strike. This fact stands out above all others and remains as the unique achievement of the convention.

The majority of delegates voted in favor of precisely those policies which the capitalist press, and the conservative UAW and CIO leaders, so vigorously condemned. These are the policies which Thomas called in one caucus meeting "socialistic experimentation."

They are, in truth, far from "socialistic." But they do represent a policy of militancy and a program aimed at resolving the broader and deeper-going issues of the American scene. As one delegate expressed it to this writer, "Reuther wants to do something about inflation and profits and housing. He wants to fight." That, at least, is what the majority voted for in voting for Reuther.

At the same time, they were voting against something. They were voting against timidity and conservatism and bureaucratism.

To the superficial observer, it might appear that the net outcome of the UAW convention has been, with the exception of the change of presidents, to maintain a continuation of conservative leadership. That is what seems to be the case since the top officers and executive board are composed of a conservative majority.

But it would be incorrect to conceive of this leadership as fixed and unchanging in its policies and line-ups. More than once in the history of the dynamic, democratic and militant UAW, the pressure and movement of the ranks have forced significant shifts and changes on the top.

It need only be recalled that Reuther himself, the most progressive of the UAW leaders in 1946, was the chief spokesman in 1941 for the right wing tendency which sought to bar "communists" and which advanced a pro-war policy.

In evaluating the role of the various top leaders and tendencies in the coming period, the militants will have to keep in mind the possibilities of shifts and changes. The tactics of the most advanced and progressive elements must be based not on preconceived evaluations, but rather on an exact analysis and appreciation of the new factors that are almost certain to arise.

All the issues left unresolved by the past convention, will recur in sharpened form. New issues will break to the surface.

The auto workers in particular, and the labor movement in general, will not face a quiet, placid existence in the next period. In their drive to organize the unorganized, particularly in the South, the CIO and UAW will confront a tremendous reactionary opposition. The question of "company security," of collaboration with the government "fact-finding" procedure, of militant struggle versus dependence on government agencies, will arise repeatedly.

The political aspect of the labor struggle will come to the fore. Political issues, which have played so important a factor in the great strike struggles, will take on an ever more compelling character.

Big Business is conducting a tremendous inflationary drive to wipe out wage gains and augment huge profits. A new period of intensified reaction is being prepared as part of American imperialism's program for another World War to destroy the Soviet Union and to achieve undisputed rule of the world.

A crucial period of political crisis is imminent. It will pose sharply before American labor the key question of a break with the policy of political collaboration with the capitalist class and its government.

Already one notes a significant and growing sentiment for the formation of a party of labor independent of the Democratic and Republican parties of Wall Street. There were reflections of this growing sentiment in the vague expressions of both Reuther and Thomas during the course of the UAW convention for a possible "progressive third party."

The abysmal and shameful weakness of American labor on the political arena was borne out repeatedly during the strike wave. Time and time again the mighty organized power of labor on the economic arena has been nullified on the political field. Experience has been hammering that fact home to the American workers.

It is safe to assume the likelihood that the September 1947 convention of the UAW will see many of the unresolved issues of the past convention express themselves in dominant form. And these issues will extend in no small degree on to the decisive political plane.

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The Trotskyist movement had its inception in the Communist Party of the Soviet Union, existing as the Russian Left Opposition (Bolshevik-Leninists) from 1923 to 1927, when the formal expulsions took place. The Opposition was not formally organized on a world scale until the deportation of Trotsky to Turkey in February 1929.

In many countries there were individuals, groups and tendencies that professed sympathy with the views of the Russian Left Opposition. At the same time, with the break in the ruling bloc of Stalin-Bukharin, the right wing groupings in the Communist International found themselves expelled (the Brandler-Thalheimer Group in Germany, the Lovestone group in the United States, etc.). It seemed plausible on the surface that the general Communist standpoint of this right wing tendency and especially its opposition to Stalinism, could provide an adequate basis for coexistence and joint work within the same organization.

To clarify the situation and to prepare the basis for an international consolidation of the revolutionary vanguard, Trotsky proceeded to write

a series of letters clarifying the principled grounds for political collaboration.

The initial letters were written primarily "against the Right Wing"—to explain why unity with the right wing in the Communist movement was excluded on grounds of principle. The chief right wing group abroad was the Brandler-Thalheimer group of Germany, who upon their expulsion in 1929 from the Communist International tried to organize an international association of all the expelled right wing groups under the name of International Communist Opposition (to which the Lovestone group in America adhered). The Brandlerites later joined the London Bureau, a melange of various centrist formations sponsored by the English ILP. The Brandler-Lovestone tendency did not survive the war.

Souvarine began by actively supporting the Russian Left Opposition, but after his expulsion from the French Communist Party began to vacillate, leaning in 1929 toward unity with the Brandlerites. Shortly thereafter he withdrew from active political life. He later wrote his well known biography of Stalin, the keynote of which is the identification of Stalinism with Bolshevism.

### Against the Right Opposition

March 1929

Dear Comrades,

Two irreconcilably opposed tendencies are usually listed under the label of opposition: the revolutionary tendency and the opportunist tendency. A hostile attitude toward centrism and toward the "regime" is the only thing they have in common. But this is a purely negative bond. Our struggle against centrism derives from the fact that centrism is semi-opportunist and covers up full-blown opportunism, despite temporary and sharp disagreements with the latter. For this reason there cannot even be talk of a bloc between the Left Opposition and the Right Opposition. This requires no commentary.

But this does not mean that only opportunist elements have rallied to the banner of the Right Opposition, or that all of them are hopeless. Political groupings do not arise at a single stroke. In the early stages there always are many misunderstandings. Workers who are dissatisfied with party policy quite often find doors very different from the ones they looked for. This must especially be borne in mind with regard to Czechoslovakia where the Communist Party is passing through a very acute crisis. My unfamiliarity with the Czech language has unfortunately prevented me from following the internal life of the Czechoslovak party. But I do not doubt that the so-called Right Opposition embraces today many different moods and tendencies which will begin crystallizing only in the near future. The direction of this crystallization depends in a large measure upon the activity of the Leninist wing.

Such an appraisal has nothing in common with Souvarine's viewpoint, who denies altogether the existence of principled—that is, class—tendencies within Communism. No, the existence

of the right, the center and the left is a fact corroborated by great, world-historic events. Those who ignore the existence of these tendencies and the irreconcilable struggle between them, fall into hopeless doctrinairism and at the same time cover up the Rightist tendency, which serves as a direct bridge to the Social Democracy.

A clear Marxist demarcation of these three tendencies does not, however, demand that we look upon these tendencies as finished or ossified. Not a few personal regroupments will take place. Broad circles of workers who gravitate toward Communism have not yet begun to crystallize; because of tradition they remain in the old frameworks or they fall into indifference.

There are many indications that all the parties of the Communist International are approaching a critical moment. The existing factions in Communism are only preparatory in character. They are the instruments for more profound groupings within the Communist parties and the working class as a whole. For this reason, in particular, the active intervention of the Leninist Opposition in the internal life of the Czechoslovak Communist Party is of enormous significance.

\* \* \*

However, the Left Opposition is itself far from unanimous. In almost every country there are two and even three groups that proclaim their solidarity with the Left Opposition of the CPSU. This is a reaction to the insane and criminal regime established in the Communist International since the autumn of 1923 and which has aimed to transform the world party of the proletariat into a caricature jesuitical order. All the sicknesses which have been driven internally are now coming to the surface. Aiding this is the environment of political reaction not only in the capitalist world but also in the USSR.

There is of course nothing gratifying in the fact that the Left Opposition is split into several groups. But facts must be taken as they are. If the reasons for the division are understood, then it will be possible to find the ways to surmount it.

The unity of the Opposition cannot be obtained by abstract preachments of unity or by mere organizational combinations. Unity must be prepared theoretically and politically. This preparation must make clear which groups and elements really stand on common grounds and those which list themselves among the Opposition only out of misunderstanding.

The *platform* is, or rather ought to be, the most important criterion. This criterion will be the more reliable, all the more each group, independently of its present strength, draws effective political conclusions in day-to-day struggles. I have in mind first of all the *national platform*. For unless the Opposition constantly intervenes in the life of the proletariat and the life of the country, it must inescapably remain a barren sect. At the same time, however, it is necessary also to elaborate an *international platform* of the Opposition, which will serve as a bridge to a future program of the Communist International. For it is absolutely self-evident that the regenerated Communist International will require a new program. It can be prepared only by the Opposition. This must be undertaken right away.

Unquestionably, the questions of the policy of CPSU, the Chinese revolution and the Anglo-Russian Committee are the three basic criteria for the internal groupings in Communism, and consequently in the Opposition as well. Of course, this does not mean that correct answers to these three questions alone suffice for us. Life does not stop. One must keep in step with it. But without a correct answer to the three foregoing questions it is impossible today to hold a correct position on any other question. In the same way, without a correct understanding of the 1905 revolution it was impossible to have a correct approach either to the problems of the epoch of reaction or to the revolution of 1917. He is hopelessly lost who sidesteps the lessons of the Chinese revolution, the lessons of the English strikes and of the Anglo-Russian Committee. The great lessons of these events must be assimilated precisely in order to take a correct position on all the issues of proletarian life and struggle.

The instrument for elaborating the international platform must be the *international organ of the Opposition*, appearing at first as a monthly or bi-weekly. Today this is the most unpostponable and urgent task. This organ under a firm and unswervingly principled editorial board should be in the beginning open to all groups which consider themselves in the Left Opposition or which are trying to draw close to it. The task of this organ is not to shore up old barriers but to expedite a regroupment of forces on a much broader basis. If the division within the Left Opposition cannot as yet be overcome within the national framework, then we can already today prepare to overcome it on an international plane.

Given a clear and precise line by the editorial board, such a periodical should also have a department devoted to free discussion. In particular, this organ must exercise *international control over differences of opinion among the various national groups of the Left Opposition*. Such careful and conscientious control will enable us to separate actual disagreements from fictitious ones, and to unite the revolutionary Marxists, sifting out the alien elements.

Because of its purpose this periodical must appear in several world languages. This will hardly be possible for us in the immediate future, and a practical compromise will be neces-

sary. Articles might be printed in the language of a country which is directly involved, or in the language in which these articles are written. The most important articles might be accompanied by brief digests in other languages. Finally, national organs of the Opposition might print translations of the most important articles in their columns.

\* \* \*

Some comrades say and write that the Russian Opposition is doing too little in the way of the organizational leadership of the International Left Opposition. I believe that behind this reproach there lurks a dangerous tendency. We are not preparing to reproduce in our international faction the morals and methods of the Zinovievist and Stalinist Comintern. Revolutionary cadres in each country must take shape on the basis of their own experiences and they must stand on their own feet. The Russian Opposition has at its disposal—today one might almost say that this is *fortunate*—neither instruments of state repression, nor governmental financial resources. It is solely and exclusively a question of ideological influence, interchange of experiences. Given a correct international leadership of the faction, this can naturally lead to a rapid growth of the Opposition in each country. But each national section must seek for the sources of its influence and strength not above but below, among its own workers, by rallying the youth to its side, by tireless, energetic and truly self-sacrificing work.

G. GUROV.

## Of Groupings in the Communist Opposition

March 31, 1929

Dear Friends,

I am still deprived of opportunity to carry on any kind of systematic work. Up to now I still remain insufficiently acquainted with the publications of the European opposition. I am therefore compelled to postpone a general evaluation of oppositional tendencies to a later time. We are heading for such difficult times that every co-thinker, every *potential* co-thinker is precious to us. It would be an unpardonable mistake to repulse a co-thinker, all the more so, a group of co-thinkers, by a careless appraisal, by biased criticism or by exaggerating differences.

Nevertheless I consider it absolutely necessary to express a few general considerations which are, in my opinion, decisive in evaluating this or that oppositional group or tendency.

The Opposition is now taking shape on the basis of principled *ideological demarcation* and not on the basis of *mass actions*. This corresponds to the character of our era. Similar processes occurred within the Russian Social Democracy during the years of the counter-revolution, and within the international Social Democracy during the war years. Mass actions tend as a rule to wash away secondary and episodic disagreements and to aid the fusion of friendly and close tendencies. Conversely ideological groupings in a period of stagnation or ebb-tide disclose a great tendency toward differentiation, splits and internal struggles. We cannot leap out of the period in which we live. We must pass through it. A clear, precise ideological differentiation is unconditionally necessary. It prepares future successes.

We have more than once appraised the general line of the Comintern leadership as *centrism*. Clearly, centrism, all the more so centrism armed with the entire arsenal of repressions, must repel into opposition not only consistently Marxist elements but also the more consistent opportunists.

Communist opportunism expresses itself in the urge to re-establish under present-day conditions the pre-war Social Democracy. This is to be seen with especial clarity in Germany. Today's Social Democracy is infinitely removed from Bebel's party. But history testifies that Bebel's party became converted into the present-day Social Democracy. This means that Bebel's party had already become absolutely inadequate in the pre-war epoch. All the more hopeless is the attempt to reconstitute Bebel's party, or even a left wing of this party under the existing conditions. Yet, so far as I am able to judge, the efforts of Brandler, Thalheimer and their friends are aimed in this direction. In France Souvarine is apparently pulling in the same direction, even if less consistently.

I consider that there are three classic questions which provide the decisive criterion for evaluating tendencies in world Communism. These questions are: 1) the policy of the Anglo-Russian Committee; 2) the course of the Chinese revolution; 3) the economic policy of the USSR, in conjunction with the theory of socialism in one country.

## The Party Regime

Some comrades may be astonished that I omit reference here to the question of the party regime. I do so not out of oversight, but deliberately. A party regime has no independent, self-sufficient meaning. In relation to party policy it is a derivative magnitude. The most heterogeneous elements sympathize with the struggle against Stalinist bureaucratism. The Mensheviks, too, are not averse to applauding this or that attack by us against the bureaucracy. This supplies the basis, incidentally, for the silly charlatanism of the Stalinists who try to draw a close resemblance between our policy and that of the Mensheviks. For a Marxist, democracy within a party or within a country is not an abstraction. Democracy is always conditioned by the struggle of living forces. By bureaucratism, the opportunist elements in part and as a whole understand revolutionary centralism. Obviously, they cannot be our co-thinkers. A semblance of solidarity stems here from ideological confusion or most frequently from malicious speculation.

1. On the *Anglo-Russian Committee* I have written a great deal. I don't know how much has been published abroad. I am informed that rumors have been circulated abroad to the effect that I opposed the break up of the Anglo-Russian Committee and yielded only to the pressure of Zinoviev and Kamenev. As a matter of fact, just the opposite is true. The Stalinist policy on the Anglo-Russian question is a classic example of the policy of *centrism sliding to the right*, holding the stirrups for outright betrayers and receiving only kicks and blows in return. For a European Communist, there are great difficulties in the Chinese and Russian questions, owing to the peculiar conditions in China and Russia. It is otherwise with the question of the political bloc with the leaders of the English trade unions. Here we have a basic problem of *European politics*. The Stalinist course on this question constitutes the most flagrant, cynical and ruinous violation of the principles of Bolshevism and the theoretical ABC of Marxism. The experience of the Anglo-Russian Committee has reduced almost to zero the educational value of the great strikes of 1926 and has retarded for years the development of the English labor movement. Whoever has still failed to understand this is not a Marxist, not a revolutionary politician of the proletariat. The protests of such an individual against Stalinist bureaucratism are of no value in my eyes. The opportunist course of the Anglo-Russian Committee could be carried out only in struggle against the genuine

revolutionary elements of the working class. And this is, in its turn, inconceivable without the use of coercion and repressions, especially in a party with such a revolutionary past as the Bolshevik Party.

2. On the *Chinese question* I also wrote a great deal in the last two years. I shall perhaps succeed in gathering all these writings into a single volume. The study of the problems of the Chinese revolution is a necessary condition for the education of the Opposition and the ideological demarcation within its ranks. Those elements who have failed to take a clear and precise position on this question reveal thereby a national narrowness which is in itself an unmistakable symptom of opportunism.

3. Finally, the *Russian question*. Because of the conditions created by the October Revolution the three classic tendencies in socialism—1) the Marxist tendency; 2) the centrist tendency; and 3) the opportunist tendency—are most clearly and precisely expressed under the Soviet conditions, i.e., filled with the most incontestable social content. In the USSR we see a *right wing* which is tied up with the skilled intelligentsia and the petty proprietors; the *center* which balances itself between the classes on the tightrope of the apparatus, and the *left wing* which represents the vanguard of the proletarian vanguard in the epoch of reaction. Naturally, I do not mean to say by this that the left wing is free from mistakes or that we can get along without serious, open internal criticism. But this criticism must have a clear class basis, i.e., it must rest on one of the above three historical tendencies. Attempts to deny the existence of these tendencies and their class character, attempts to rise above them, will unfailingly end in a miserable shipwreck. This path is most frequently taken by Rightist elements who are not yet self-conscious or who are interested in keeping their own left wing from being scared off prematurely.

So far as I know, Brandler and Thalheimer have all these years considered as absolutely correct the policy of the Central Committee of the CPSU on economic questions. That's how matters stood until the zigzag to the left. In the very nature of things they must now sympathize with the program which was openly pursued in 1924-27 and which is now represented by the wing of Rykov, Bukharin and others. Souvarine apparently also inclines in the same direction.

## The USSR Economic Question

I cannot of course raise here in its full scope the economic question of the USSR. The statements in our platform retain their full force. It would be quite fruitful if the Right Opposition gave a clear and precise criticism of our platform on this question. In order to facilitate this work, let me advance here a few basic considerations.

The Rights believe that if the individual peasant enterprises were given more elbow room, the current difficulties could be overcome. I do not undertake to deny this. Staking everything on the *capitalist farmer* (a Europeanized or Americanized "kulak") will undoubtedly yield its fruits, but these will be capitalist fruits, which would in one of the very next stages lead to the political collapse of Soviet power. In 1924-26 only the first steps were taken toward staking everything on the capitalist farmer. Nevertheless this led to an extreme growth of the self-esteem of the urban and rural petty bourgeoisie, to its seizure of many lower Soviets, to the growth of the power and self-confidence of the bureaucracy, to increased pressure upon the workers and to the complete suppression of party democracy. Those who do not understand the inter-dependence of these

facts, are generally able to understand nothing in revolutionary policy. The course toward the capitalist farmer is absolutely incompatible with the dictatorship of the proletariat. Here one must choose.

Let us, however, take the purely economic aspect of the question. Between industry and peasant economy there is dialectic interaction. But the driving force is industry, as the far more dynamic factor. The peasant needs manufactured goods in return for grain. The democratic revolution under the leadership of the Bolsheviks gave land to the peasants. The socialist revolution under the same leadership still gives the peasants less goods and at higher prices than did capitalism in its time. Precisely for this reason, the socialist revolution, in contrast with its democratic basis, remains under threat. To the scarcity of manufactured goods the peasant responds by a passive agricultural strike; he does not bring the grain in his possession to the market, nor does he increase his acreage. The Rights hold it necessary to give greater leeway to capitalist tendencies in the village, to take less from it and to lower the tempo of industrial growth. But after all this means that the quantity of agricultural commodities on the market would increase while the quantity of manufactured commodities would decrease still further. The disproportion between the two, which is at the bottom of the current economic crisis, would become even greater. A possible way out would be to export the farmer's grain and to import in exchange for it European manufactured goods for the farmer, i.e. for the well-to-do peasant. In other words, instead of a *smychka* (a linking together) between the cooperative peasant economy and socialist industry this means the establishment of a *smychka* between an export farmer economy and world capitalism. The state becomes converted not into a builder of socialist economy but into an intermediary between domestic and world capitalism. Needless to say both of these contractors would very quickly elbow the intermediary aside, beginning of course with the monopoly of foreign trade. For the free development of a farmer economy, receiving from abroad what it requires in exchange for grain exports, presupposes a free circulation of commodities and not a foreign circulation monopolized by the state.

## The Stalin Platform

The Rights sometimes say that Stalin has applied the platform of the Opposition and has demonstrated its inadequacy. The truth is that Stalin became frightened when he bumped his empiric forehead against the consequences of the "farmer" (kulak) course, which he so blindly fostered in 1924-27. The truth is that in executing a leap to the left, Stalin made use of slivers of the Opposition's program. The platform of the Opposition excludes first of all the course toward a shut-in, isolated economy. It is absurd to try to separate Soviet economy from the world market by a brick wall. The fate of Soviet economy (including agriculture) will be decided by the general *tempo* of its development, and not at all by its degree of "independence" from the world division of labor. All the economic plans of the Stalinist leadership have been up to now built on the *reduction of foreign trade* in the course of the next 5-10 years. This cannot be called anything except petty bourgeois cretinism. The Opposition has nothing in common with such an approach. But this approach does flow from the theory of socialism in one country.

Stalin's attempt to increase industrialization brings him outwardly closer to the Opposition. But only outwardly. Socialist industrialization presupposes a vast and thoroughly thought out

plan in which the direction of internal development is tied up closely with an ever growing utilization of the world market and with an irreconcilable defense of the monopoly of foreign trade. Only in this way is it possible not to liquidate or remove but only to soften the contradictions of socialist development in a capitalist encirclement; only in this way is it possible to strengthen the economic power of the Soviet republic, improve the economic relationships between city and country, and reinforce the dictatorship of the proletariat.

Such are the three basic criteria for the internal demarcation of the Opposition. These three criteria are taken from the living experience of three countries. Naturally, each of the backward countries has its own peculiar problems and the attitude towards them will determine the position of every single group and every individual Communist. Some of these new questions can tomorrow come to the forefront and push all others aside. But *today* the three cited questions seem to me decisive. Without taking a clear and precise position on these questions, it is impossible to find one's place among the three basic groupings of Communism.

That is all I am able to say now about the questions you raise. Should it turn out that because of my inadequate knowledge of available literature I failed to understand Brandler, Souvarine and their co-thinkers, then I will naturally make haste to introduce into my appraisal such corrections as flow from those facts and documents which are called to my attention.

L. TROTSKY.

## A Letter to Souvarine

Constantinople  
April 25, 1929

Dear Comrade Souvarine,

I received your letter of April 16. It surprised me a little. You write that you expected a different conduct from me with regard to oppositional groups abroad. In your opinion I ought not have expressed my views at once, but should have observed, studied and sought to gather together groups and individuals capable of thinking and acting as Marxists. You reproach me for having left no time for "study, reflection and discussion." And you warn that I shall have cause to regret my hastiness.

I believe that your criticism, which is quite friendly in tone, discloses the entire erroneousness of your present orientation. You cannot be unaware that up to now I have not expressed myself on a single one of the controversial internal questions which divide the French, German, Austrian and other oppositional groupings. I have been too much removed in recent years from the internal life of European parties and I actually did need time to gain more detailed information concerning both the general political situation as well as the oppositional groupings. If I did express myself concerning the latter, it was only in connection with those three questions which are fundamental for our period, namely: the domestic policy in the USSR; the guiding line in the Chinese revolution and the course of the Anglo-Russian Committee. Isn't it rather strange that precisely upon these questions you propose that I do not hurry, bide my time, inform myself and reflect? Meanwhile, you do not at all renounce your right to express yourself publicly on these three questions in a spirit directly contrary to those decisions which constitute the very basis of the Leninist Left Opposition.

In the press I announced my complete readiness to correct or change my appraisal of the Brandler group or your group, if any new facts or documents were called to my attention. Subsequently the Brandler group sent me, very kindly, files of their publications. In the March 16 issue of *Arbeiter Politik*

I read Thalheimer's report on the Russian discussion. Truly I needed no time for "study" or "reflection" in order to state that the Brandler-Thalheimer group stands on the other side of the barricades. Let us recall the facts.

1) In 1923 this group was unable either to understand or to utilize an exceptional revolutionary situation.

2) In 1924 Brandler tried to see a revolutionary situation lying directly ahead and not behind.

3) In 1925 he decided that there had been no revolutionary situation at all, but that there was an "overestimation" on the part of Trotsky.

4) In 1925-26 he considered that the course toward the kulak, the then course of Stalin-Bukharin, was correct.

5) In 1923-25 Thalheimer as a member of the programmatic commission supported Bukharin against me on the question of the character of the program (a bare schema of *national* capitalism instead of a theoretical generalization of *world* economy and *world* policy).

6) Brandler and Thalheimer have nowhere, to my knowledge, raised their voices against the theory of socialism in one country.

7) Brandler and Thalheimer tried to worm their way into the party leadership by assuming a protective Stalinist coloration (like Foster in America).

8) On the question of the Chinese revolution Brandler and Thalheimer dragged at the tail of the official leadership.

9) The same on the question of the Anglo-Russian Committee.

## Brandler and the Right Wing

I have thus before me an experience of six years. You cannot be unaware that I did not rush to condemn Brandler. After the fearful collapse of the German revolution in 1923 I took up conditionally the defense of Brandler, arguing that it was unworthy to make him a scapegoat when the Zinoviev-Stalin leadership of the Comintern as a whole was responsible for the German catastrophe. I came to a negative political appraisal of Brandler only when I became convinced that he lacked the desire or the ability to learn even from the greatest events. His retrospective appraisal of the 1923 German situation is completely analagous to the criticism which the Mensheviks made of the 1905 revolution in the years of reaction. I had ample time to "reflect" on all this.

Thalheimer's entire report on the Russian discussion is summed up in a single phrase: "Trotsky's program calls for a stronger financial squeeze of the peasantry." Throughout his report Thalheimer plays variations on this theme. Can there be a more shameful position for a Marxist? For me the very question begins by a denial of the *peasantry as a whole*. Under discussion is the *class struggle within the peasantry*. The Opposition put forward the demand that 40-50 percent of the peasantry be freed of levies in general. Beginning with 1923 the Opposition warned that the lag in industry would signify a spreading price gap and consequently the most profound and ruinous exploitation of the lowest peasant ranks by the kulaks, the middle-men and the traders.

The middle peasantry is a social protoplasm. It develops invariably and uninterruptedly in two directions: toward capitalism—through the kulaks, and toward socialism—through the

semi-proletarians and the agricultural laborers. Irrevocably lost are those who ignore this fundamental process, those who talk about the peasantry in general, those who do not see that there are two hostile faces to the "peasantry." The problem of Thermidor and Bonapartism is at bottom the problem of the kulak. Those who shy away from this problem, those who minimize its importance and distract attention to questions of party regime, to bureaucratism, to unfair polemical methods and other superficial manifestations and expressions of the pressure of kulak elements upon the dictatorship of the proletariat resemble a physician who chases after symptoms and pimples while ignoring functional and organic disturbances.

At the same time Thalheimer repeats like a trained parrot that our demand for a secret ballot in the party is "Menshevism." He cannot be ignorant of the fact that worker members in the CPSU are afraid to speak out and vote as they think. They are afraid of the apparatus which transmits the pressure of the kulak, the functionary, the *spetz*, the petty bourgeois and the foreign bourgeoisie. Of course, the kulak, too, wants a secret ballot in the Soviets, for he is also hindered by the apparatus which is in one way or another under the pressure of the workers from the other side. Herein precisely are the elements of *dual power*, covered up by the centrist bureaucracy which maneuvers between the classes and which, precisely for this reason, undermines all the more the position of the proletariat. The Mensheviks want the secret ballot for the kulak and the petty bourgeois in the Soviets—against the workers, against the Communists. I want the secret ballot for the worker Bolsheviks in the party against the bureaucrats, against the Thermidorians. But since Thalheimer belongs among those who do not see classes, he identifies the demand of the Leninist Opposition with the demand of the Mensheviks. With such nonsense he seeks to mask his purely bourgeois position on the peasant question.

Naturally, an attempt will be made to use the secret ballot not only by the Bolshevik-Leninists but also by their opponents who wormed their way into the party. In other words, the class struggle within the Communist Party which is at present suppressed under the lid of the Bonapartist apparatus will break out into the open. This is just what we need. The party will see itself as it actually is. This will be a signal for the genuine self-cleansing of the party—in contrast to the fraudulent bureaucratic purges which the apparatus is once again contemplating in the interests of self-preservation.

Only after cleansing the party in the way indicated above will it be possible to introduce the secret ballot into the *proletarian* trade unions. Only in this way will it be possible to determine the actual strength of Menshevik, Social-Revolutionary and Black-Hundred influences in the trade unions, which for many years have been reduced to anonymity under the bureaucracy. It is impossible to maintain a genuine dictatorship of the proletariat without seriously probing into the class as a whole. Today the sicknesses have been driven so deep internally that they can be brought into the open only by emergency measures. One of them—of course, it is not the only one—is the demand for the secret ballot in the party, and later in the trade unions.

So far as the Soviets are concerned, we will decide this question only after we have passed through the experience with the party and proletarian trade union organizations.

On all the basic questions of the world revolution and the class struggle, Brandler and Thalheimer have associated themselves with Stalin-Bukharin who have received the support of the Social Democracy precisely on these questions (China, the

English trade unions, the peasantry). But the demand for the secret ballot for the proletarian vanguard and against the apparatus, which is introducing Menshevism by methods of terror, is proclaimed by Thalheimer to be—Menshevism. Is a more wretched ideological bankruptcy conceivable?

I have no doubts that in Brandler's group and on its periphery there are many workers who have been repelled from the party by the disreputable administration of Thaelmann and Co., and who have stumbled into the wrong doorway. The Leninist Opposition must aid these workers to orient themselves in the situation. But this can be achieved only by methods of irreconcilable and merciless struggle against the political course of Brandler-Thalheimer and all groupings which solidarize with them or actually support them.

The Stalinist course in the Comintern has yet to speak its final words. We are only just entering the phase of crises, splits, groupings and paroxysms. Ahead lies work of many years' duration. Not all will measure up to it. You refer to the vacillations of Radek, Smilga, Preobrazhensky. I am sufficiently acquainted with this. This is not the first day, nor the first month, nor even the first year that they have vacillated. Noteworthy in the extreme is the fact that these comrades either vacillated or took a wrong position on the basic questions of the world revolution. Radek defended a false line on the questions of China and the Anglo-Russian Committee, and until 1927 he doubted that a different economic policy was generally possible from the one pursued by Stalin-Bukharin. Preobrazhensky held a flagrantly false position on the Chinese question and on the question of

the Comintern program (a conciliationist attitude toward nationalistic socialism). Smilga together with Radek opposed the withdrawal of the Communist Party from the Kuomintang and was against the slogan of the dictatorship of the Chinese proletariat in the period of the revolution and later, in the period of the counter-revolution, was against the slogan of the Constituent Assembly. The current party-organizational vacillations of the above-named comrades derive from a lack of clarity and from the ambiguity of their general theoretical and political position. It was ever thus, and always will be.

Lenin taught us not to be afraid even when very influential and honored comrades withdrew, split or deserted. In the last analysis what decides is the correct political line. To stay on the correct line in the period of political ebb, in face of the offensive of the bourgeoisie, the Social Democracy and the Right-Center bloc in the Comintern (all these are phenomena of one and the same order)—this is today the chief duty of a proletarian revolutionist. A correct evaluation of the epoch and its driving forces, a correct forecast of the future will compel all the genuinely revolutionary elements of the working class to regroup themselves and to rally round the Bolshevik banner. That is how I view the situation.

I would be very glad if you found it possible to solidarize yourself with the foregoing views, since that would enable us to work in the same ranks. And I take clearly into account how beneficial to the cause such a collaboration would be.

With comradely greetings,

L. TROTSKY.

## Revolutionary Developments in India

By ROBERT L. BIRCHMAN

The termination of hostilities in the Pacific marked a stormy resurgence of the working class movement in India. In the months since V-J Day this vast subcontinent has witnessed strikes in virtually all the major cities—Bombay, Calcutta, Allahabad, Delhi, Madras, etc. At the beginning of this year this strike wave assumed a highly political character. The Indian working class swept to the forefront as the decisive force in the struggle of the Indian people for independence from the British yoke.

The Indian workers were the backbone of the demonstrations protesting against the Delhi Court Martial of members of the Indian National Army. In November of last year, a general strike was called in Calcutta, crippling transportation and public utilities. Street barricades and road blocks were erected. At Lillooah, the demonstrators sat on the railroad tracks to stop incoming trains. These Calcutta actions were followed by a protest strike of railway workers in Bombay and set off a series of student demonstrations throughout India.

On January 24 of this year, 175,000 textile and industrial workers struck in Bombay in protest against the shooting of demonstrators celebrating the birthday of Subhas Chandra Bose, leader of the "Free Indian Government" and organizer of the Indian National Army. Pickets roamed the

streets shouting "Down With Repression!" According to an Associated Press dispatch: "In one residential section virtually all roads were blocked by rioters who hurled stones on roadways to make them impassable, cut down trees and burned them, as blazing barricades."

The power and militancy of the workers were most graphically demonstrated in support of the revolting sailors of the Indian Navy.

In Bombay a series of huge demonstrations took place. "Some 60 textile mills were closed by strikes which also extended into some railway shops," reported the Associated Press on February 22. On the next day: "Striking drivers of one of the city's principal transportation companies seized busses, festooned them with Hindu and Moslem league flags." Throughout the city trenches were dug across the roads, filled with inflammable materials and gasoline, thus erecting a veritable "wall of fire."

Similar demonstrations took place in Calcutta where the transportation workers took the lead in calling a one day strike. In Calcutta and Bombay alone not less than 300,000 participated in strikes in support of the Indian seamen. In Trichinopoly, 10,000 workers struck; a general strike was called in Karachi; similar action was taken in Madras, where the demonstrators "stoned British military trucks and battled civilian police

forces around the city railway station." Throughout all these demonstrations the inspiring and fiery slogan "Long Live the Revolution!" was repeatedly heard. ●

Expressed in it is the readiness of the Indian masses to mobilize for a decisive blow against British imperialist rule. Addressing a huge mass meeting of 250,000 at the height of these demonstrations in Bombay (February 26), Jawaharlal Nehru declared that if revolution became necessary the proper leaders would give the signal. But in reality, the militant actions and demonstrations and the forging of unity between Moslems and Hindus were frowned upon and disapproved by the Congress leaders. They did not sanction either the demonstrations or the political strikes, but on the contrary exerted their efforts to stem the tide of militant action.

Thus, at the height of the movement, Sardar Vallabhai, leading member of the Congress Working Committee appealed to the sailors to be patient and peaceful and begged the people to maintain discipline and do nothing to aggravate the "present state of high tension." "There should be no attempt to call for a *hartal* (general strike and boycott)," he pleaded.

Gandhi, for his part condemned the "exhibition of distressed unrest." He said, "The com-

bination between Hindus, Moslems and others for the purpose of violent action is unholy. Let it not be said," he continued, "that the Indians of the Congress (Party) spoke to the world of winning home rule through non-violent action and belied the words in action—and that too at a critical period of her life."

\* \* \*

### THE ECONOMIC BACKGROUND

The struggle for independence in India is unfolding against the background of rapidly growing unemployment and economic dislocation caused by the war and the reconversion to peacetime production. The situation is aggravated by the determination of the British to maintain their grip on the country's economic life.

A large number of war plants have been shut down with little prospect of their being reconverted to civilian production. These plants served their purpose. Now that the British imperialists no longer have need of war implements, they do not desire to see these plants competing in peacetime production with their home plants. The Indian bourgeoisie is too weak financially to take over and operate them. Many other factories operated by the Indian capitalists during the war face liquidation because of poor organization, high production costs and high overhead. They are unable to compete with American and British industries.

The London *Times* painted the following picture on January 4: "It was stated in Delhi today that in the transitional period before the development plans of Central and Provincial governments materialize there may be displacement of between 5,000,000 and 7,000,000 Indian industrial workers, including men and women demobilized from the forces."

The ranks of the unemployed will be further swelled by sharp curtailment of the administrative apparatus. Official estimates are that by the middle of 1946 about 230,000 will be laid off in the Central Government departments, while another 540,000 are scheduled for demobilization from the military forces.

Among the workers hardest hit are the railwaymen. According to *Times of India* (September 7, 1945): "The termination of the war will soon bring nearly 262,000 men employed in railways all over India to face the grim prospect of unemployment . . . according to information gathered by the All-India Railwaymen's Federation."

Added to unemployment are skyrocketing prices, and the threat of famine. The employers are, of course, seizing the opportunity to wipe out all the gains of the unions in wartime. The workers have responded with a series of long and bitterly fought strikes. These strike actions center around demands for higher wages, maintenance and improvement of union working conditions, increases in dearness allowances, payments of bonuses, reinstatement of discharged union workers, etc. Calcutta and Bombay, the largest cities in India, have been centers of the struggle.

### WORKERS' STRUGGLES

A partial list of these strikes follows.

In Calcutta the traditionally militant street car workers tied up the city's transportation system in the middle of last September. They won their demands on wages and working conditions, received a month's pay as bonus and compelled the reinstatement of discharged workers. The bus and taxi drivers struck in sympathy with the carworkers.

Toward the end of the month the workers at the Cassipore Gun and Shell Factory, near Calcutta, staged a "sit-in" strike, in sympathy with 100 discharged workers.

At the beginning of October several thousand engineering workers in different plants struck for bonus payment and reinstatement of discharged workers. Similar action was taken by 4,000 at Clive Jute Mills at Mitabriz, a suburb of Calcutta.

The textile workers at Bouria, at the Vassari Cotton and Silk Mills and the Mafolta Spinning and Manufacturing Mill went out in the same period.

In November, during the general strike in protest against the Delhi Court Martials, 20,000 municipal workers struck for wage increases. On January 9 of this year, eight workers were injured, during two lathi charges by police on pickets at the Keshoram Cotton Mills. Many arrests were made. The strike was six weeks old at the time.

Bombay was the scene of similar struggles during this period. Thus, the workers at the Ford Motor Co. Assembly Plant in Bombay and other Ford plants in the country went on a sit-down strike against lay-offs.

In December 8,000 Bombay dock workers struck, demanding payment of three months bonus, graded scales of pay, medical aid and a guarantee of 20 days work a month. There were strikes by the electrical workers at Calaba and by the workers of the Burma Shell, Standard Vacuum and Caltex Oil Companies.

A strike by the staff of the Bombay Electric Supply and Trolley Co. on February 5 left the city's 2,800,000 population without transport by bus or street car.

Elsewhere in the country, the strike of 10,000 tailors and laborers in the ordnance clothing factory at Shahjahanput was in its 18th day on January 9.

24,000 miners in four gold-fields at Kolar in the Madras Province went on strike on January 7 for a basic minimum wage and increases. In the secret balloting only seven voted against the strike action.

Workers have played a prominent role in the countless protest rallies and demonstrations against the famine and the cuts in rations.

A Reuters dispatch reports a mass demonstration held on February 10 of 100,000 members of all Indian parties in Cawnpore, leading industrial city in the United Provinces. This action was taken in protest against the 50 percent reduction in wheat rations. The meeting called

upon Government officials to resign from their posts inasmuch as they had "failed to feed the country." On the day before the meeting "angry citizens marched through the streets, shouting protests against the ration cut and stopping and stoning private cars." All shops and industries were closed and no public transportation vehicles were on the streets that day.

The city of Allahabad, 560 miles northwest of Calcutta, was paralyzed by a general strike on February 12. "50,000 hunger marchers paraded through the streets protesting cuts in food rations and demanding more wheat for bread," reports the Associated Press.

\* \* \*

### THE RAIL WORKERS' DEMANDS

Far sharper and broader struggles are in prospect. The All-India Railwaymen's Federation has long been threatening a strike of 1,500,000 workers unless their demands are met. These demands include higher wages, the introduction of a 48-hour week in place of the prevailing 64-hour week. This campaign started last July, when "the All-India Railwaymen's Federation launched a militant campaign for an increased dearness allowance of Rs. 45 per month (\$13.80), abolition of unsatisfactory new rates of pay and a basic minimum wage of Rs. 36 per month (\$10.80). Meetings and demonstrations in support of these demands are being held throughout India." (Press release of the International Federation of Transport Workers.)

The Indian railways are government owned and operated. The union has been given the run-around for months by the government Railway Board. If a show-down comes, it may well precipitate the biggest strike wave in India's history.

The extent to which the British apparatus of repressions has been corroded was revealed by the mutiny of the seamen, the strikes in the Royal Air Force and the ferment in the ranks of the Indian army. This process has continued. Recently the entire lower grade personnel of the Sind Province police and the clerical staff of the Sind Provincial police department have threatened strike. In March, 45,000 primary school teachers in Bombay Province went on strike. The movement of such strata indicates how deep-going is the crisis of British rule.

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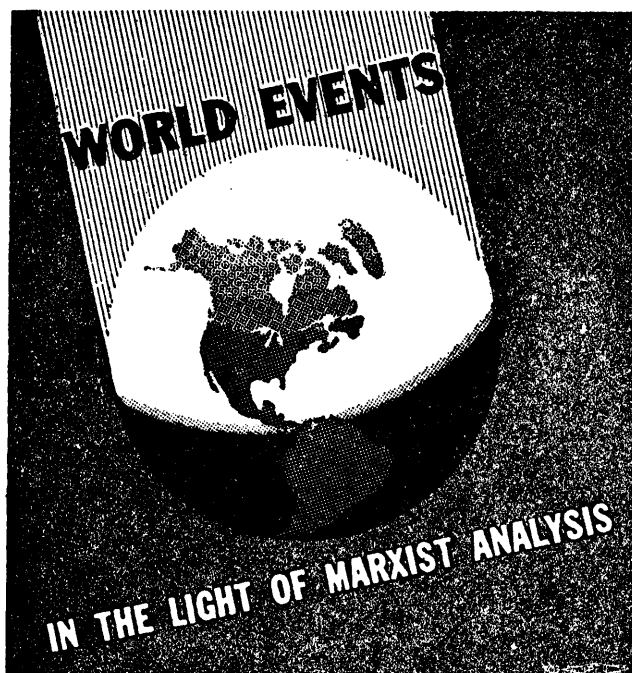
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