

**The New**  
**INTERNATIONAL**

***How Stable Is American Capitalism—  
Economic Prospects for 1956***

by T. N. Vance

***The Post-Geneva Spirit***

by Gordon Haskell

***Origins of the American  
Communist Movement—II***

by Julius Falk

***Labor Unity: A Momentous  
Event in the Class Struggle***

***Moscow in Lenin's Days: 1920-21***

**50c**

**Winter 1955-56**

# THE NEW INTERNATIONAL

A Marxist Review

Vol. XXI, No. 4

Whole No. 170

WINTER 1955-56

## TABLE OF CONTENTS

### Quarterly Notes:

THE POST-GENEVA SPIRIT.....207  
by Gordon Haskell

LABOR UNITY: A MOMENTOUS  
EVENT .....212

### Articles:

ECONOMIC PROSPECTS FOR 1956.....215  
by T. N. Vance

MOSCOW IN LENIN'S DAYS:  
1920-21 .....236  
by Alfred Rosmer

THE ORIGINS OF THE COMMUNIST  
MOVEMENT IN THE U. S.—II.....239  
by Julius Falk

### Books in Review:

SOCIALIST PARTY OF AMERICA.....269  
Reviewed by H. W. Benson

MAX SHACHTMAN, Editor  
JULIUS FALK, Managing Editor

STATEMENT REQUIRED BY THE ACT OF AUGUST 24, 1912, AS AMENDED BY THE ACTS OF MARCH 3, 1933, AND JULY 2, 1946 (Title 39, United States Code, Section 233) SHOWING THE OWNERSHIP, MANAGEMENT, AND CIRCULATION OF THE NEW INTERNATIONAL, published quarterly at New York, N. Y., for October 1, 1955.

1. The names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, New International Publishing Co.; Editor, Max Shachtman; Managing Editor, Julius Falk; Business Manager, L. G. Smith, all of 114 West 14th St., New York 11, N. Y.

2. The owner is: The New International Publishing Co., Yetta Barsh, Max Shachtman, Albert Gates, all of 114 West 14th St., New York 11, N. Y.

3. The known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. Paragraphs 2 and 3 include, in cases where the stockholder or security appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting; also the statements in the two paragraphs show the affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustee, hold stock and securities in a capacity other than that of a bona fide owner.

5. The average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the 1 months preceding the date shown above was: (This information is required from daily, weekly, semi-weekly and tri-weekly newspapers only.)

L. G. SMITH,  
Business Mgrs.

Sworn to and subscribed before me this 28th day of September, 1955.

JACOB RING, Notary Public, State of New York  
No. 24-8581150. (My commission expires March 30, 1956.)

Published quarterly by The New International Publishing Co., at 114 West 14th Street, New York 11, N. Y. Registered as second-class matter March 8, 1950, at the post office at New York, N. Y., under the Act of March 3, 1879. Subscription rates: in the U. S., Canada and Australia \$2.00 per year; bundles 35c each for five copies and up. Britain, Ireland and Europe, 10/-British or \$1.40 U. S. per year; Asia 7/-British, or \$1.00 per year.

Address all editorial and business communications to The New International, 114 West 14th Street, New York 11, New York.

# THE NEW INTERNATIONAL

A Marxist Review

Vol. XXI, No. 4

WINTER 1955-56

Whole No. 170

## Quarterly Notes

# The Post Geneva Spirit

As time passes, the meaning of the *détente* in the cold war, of the Geneva Spirit as a tactic in the Kremlin's foreign policy becomes ever clearer. It is the obvious answer to the current phase of stabilization and solidification of the capitalist world, especially in Europe and, though to a lesser degree, in Southeast Asia. It is also a reaction to the military stalemate which has been brought about by the availability of extremely powerful nuclear weapons on both sides, while the means of delivering them and defending against them remain essentially refinements on buzz bomb and long-range bombers of the last war.

The military aspect of the stalemate is adequate to explain the Kremlin's *détente* policy only in a very restricted sense. Except to those simple-minded propagandists (who sometimes seek to cloak their propaganda in the sombre disguise of analysis) to whom the threat of Stalinism's expansionism is primarily if not almost solely a matter of its propensity to send its armies marching across its borders, it has been fairly obvious that the Stalinist chiefs, not being madmen, use their military power only as the ultimate resources of political warfare. The nuclear stalemate has restricted political warfare to the extent that the Stalinists, like all other realistic politicians, realize that for the foreseeable future it is the better part of valor to

refrain from driving issues and situations, even when they have the clear advantage, to such a degree of sharpness and acuteness at which there is a *danger* that the other side may feel itself driven to its ultimate resource.

In other words, at the moment they feel, unlike Dulles, that this is no time to be walking to the brink of war. That is not to say that there is no prize big enough or threat dangerous enough to drive them to the arbitration of arms. But this is a poor time for it. Perhaps, if the Russians definitely win the race in the design and production of an effective inter-continental guided missile, the scales might again be tipped. . . .

But this is the less important aspect of the *détente*. The real point is that the Stalinist leaders have apparently decided that they have about reached the limits of territorial expansion possible at the present time. The economic stabilization, and even boom, in America and Western Europe have solidified those areas against Stalinist encroachment. Korea stands devastated and divided, as a symbol of the world stalemate, and the folly of any attempt to change the balance of forces by a direct military attack. In Southeast Asia, Indochina dangles like a ripe fruit on the vine. But unless new political forces appear which show signs of the capacity of regenerating the political life of Southern Indochina and hence of threatening the

Subscribe Now to

# THE NEW INTERNATIONAL

114 West 14th St., New York 11, N. Y.

Rates: \$2.00 per year

Name.....

Address.....

City..... Zone..... State.....

Stalinist regime in the North, the big brothers in Peiping and Moscow can afford to wait, however onerous this may be to their "comrades" in Hanoi.

There appears to be a real soft spot in Indonesia, and Laos, Cambodia, Thailand and Malaya retain in themselves all the conditions which make Stalinist penetration possible. But Burma, India and Pakistan have consolidated their regimes to such a point that even a Stalinist victory in one of the "soft spots" of the area would not necessarily or even probably mean their fall. And as long as this is so, a heavy, sustained and victorious push in the "soft" countries would risk far more than could be gained from it. So, it is likely that the Stalinists are willing to wait in these countries . . . and if their local agents become impatient, they have ways of bringing them in line.

It is quite possible that in this respect there may be a considerable difference in outlook between the Russian Stalinists and their Chinese colleagues. After all, as a consequence of World War II, the Russian empire was extended deep into Europe. The Chinese, on the other hand, still have the galling problem of Chiang Kai-shek sitting in "their" Formosa, raiding their maritime commerce by ship and plane, and presenting an eager political auxiliary and invasion staging-platform to the American bloc in the event of World War III. In addition, the American economic and political blockades are far more humiliating and damaging to China than they are to Russia.

All this means that although Russian and Chinese Stalinists may well share a general estimate of the world political situation and how it should be handled, the Chinese have special problems which make it impossible for them to adopt exactly the same at-

titude as their Russian colleagues. For the Russian policy may be summarized as one of seeking to consolidate and legitimize the status quo in Europe. The Chinese feel that there is at least one aspect of the status quo which they do not want solidified and legitimized: Chiang's regime in Formosa.

As to the Russians, that what they are after is a recognition by the capitalist bloc of the status quo in Europe is clear. At Geneva (the first Geneva, where the spirit was present) what they said in effect was, "we are not going to argue with you about the Atlantic Pact. It is a fact, and we recognize it. In return, there is no point to your trying to argue with us about the division of Germany. That, too, is a fact, and you might as well recognize it. As to the satellites, there is no point in even discussing the matter. So, actually, there is nothing to discuss and negotiate in the big sense. What is needed is an end to threats and the atmosphere of crisis. Let us all recognize that World War II is over, and its gains and losses are no longer subject to revision. On the other hand, World War III is a long way off, and neither of us benefits by pretending that it is around the corner. If we can shake hands over the division of Europe and agree not to try to upset it, then all we have to "negotiate" or "settle" is the recognition of the fact that World War II is over in Asia also, and our China came out on top."

Does the Khrushchev-Bulganin junket in Southeast Asia, or the Stalinist economic and diplomatic "penetration" of the middle east contradict this theory of what the Stalinists are up to? Not at all. Although they have apparently recognized the capitalist stabilization as the dominant fact with regard to which their tactics

must be oriented, this does not mean that Stalinist policy must stand still and inactive until such time as some major political or economic upset in the capitalist world once again sets things in motion.

First, it is to their advantage to woo Nehru, Nu and all the other neutralists in the world just as strongly as possible for their policy. Any means by which they can convince these gentlemen, and the political public which they represent, that they are a decent, law-abiding, respectable, jolly and well-meaning sort is to their advantage. "After all," the leaders for whom Nehru stands as a symbol seem to be saying, "is it not better to be at peace with such fine fellows? What if they have gobbled up the whole of Eastern Europe, maintain a totalitarian political regime at home, keep the masses in their own country in the direst poverty so that a small ruling class may live in luxury?"

"And behold, even the local Communists, whom we know to be vicious to the core, are being tamed by these reasonable people. In India they have set their face against the faction in the Stalinist party which refuses to support Nehru in his foreign (and even most of his domestic) policy. In France, Italy, the United States, and everywhere else, they are willing to give up any program of overthrowing capitalism, or even struggle against it, in exchange for an alliance with those political elements which are willing also to recognize and legitimize the international status quo. They do not set onerous conditions on their alliance, or seek to exact favorable terms. All they want is to be given the opportunity to add their modest bit to the general clamor for peace and good will."

Secondly, a desire to legitimize the status quo in Europe and to end the

crisis atmosphere in which the world has been living since the Berlin blockade does not mean that international politics can be put into mothballs. Stability, equilibrium, consolidation, co-existence . . . these are all relative terms. In the midst of a situation in which neither imperialist war bloc seems to be in a position to deal a serious, let alone a decisive blow to the other, the Arab-Israel struggle, the fight for national independence in North Africa, the rising movement for equality and self-determination in the rest of Africa and other situations too numerous to list, all present opportunities for influencing people and winning friends and adherents to the Stalinist bloc.

IF THERE IS ANY single fact about the foreign policy of the United States which is more damning than the rest it is the inability both this administration and its Democratic opposition have shown to meet the Russian peace offensive, let alone to mount an effective political attack on Stalinism of their own.

Lest there be any misunderstanding, let us repeat again that the current Stalinist tactic has been launched as a reaction to the consolidation and stabilization of capitalism in Europe, America and a good deal of what capitalism has left of Asia. The senility of capitalism is proving to be a protracted one, and its decay and disintegration is marked at times by all the appearances of flourishing health.

But despite this apparent vigor of what is left of the capitalist world, it is a striking fact that it feels everywhere on the *defensive* with regard to Stalinism.

Thus, when the Stalinists make their overtures to the rulers of the Arab countries of the Middle East, the American and British governments

shout "foul," and try to convince the world that the opening of commercial, financial and political ties between the Stalinist and Arab countries is an "invasion" of "traditionally British" (or French, or American) territory, and hence in the same category as a military breach of the peace.

They howl that this is incompatible with the Stalinist peace offensive and the Geneva Spirit, and that it demonstrates that peaceful co-existence is impossible with such a perfidious bunch.

But who is to believe these cries or to pay them much heed? To be sure, only the most naive of the neutralists believe that the Khrushchev-Bulganin tour of Southeast Asia, or the Stalinist moves in the middle east were or are expressions of a pure and selfless pursuit of peace and good will. They know that what the Stalinists are doing in these areas is to win support for their own position, to seek firm or firmer ties with political groupings there, to fish in troubled waters with the hope of catching something which may, in the long run, be of substantial value to them.

But what of it? Don't the Americans and the British and the rest have the same opportunities? They have been in these areas longer, have deeply established economic and political roots there, have bound these countries to their own with all kinds of economic and cultural ties. It would appear that they have every advantage, and should welcome the Stalinists onto a familiar field on which they can be defeated and shamed for all the world to see. After all, if there be anything to the term "competitive co-existence" would it not be that we all have a chance at each other, and each other's territory . . . and let the best man win?

But the actuality is that what

"should" be, from the point of view of capitalism, isn't. It is precisely in the colonial and semi-colonial areas, where the British and French (and now the Americans) have been for the longest that they are hated the most. The close relations they have established are with reactionary, hated, and often unstable and corrupt ruling classes, and not with any of the progressive, popular and democratic elements who are trying to lead these countries out of their ancient slumbers into the modern world. The economic ties with which they have bound these countries to their own have been the bonds of imperialist exploitation or special privilege. When the Stalinists enter these areas, they look to the populations and even a section of the rising ruling classes much as the economic, commercial and even military envoys of the Nazis looked to them before: as enemies of their enemies, and thus, at least as probable friends.

It is, of course, true, that the Stalinists offer no equal or even unequal access of the capitalist governments to "their" satellites, let alone to their homelands. After all, they represent a totalitarian social system, and one of their advantages is not only that this erects an iron curtain between their slaves and the outside world, but that it gives them a degree of tactical independence and freedom which cannot be achieved by governments still burdened with bourgeois democracy.

Thus, the Stalinist masters can shriek for peace one day, and order troops into Korea the next. Or they can denounce their enemies as incorrigible imperialist beasts and warmongers on Monday, and on Tuesday announce that nothing stands in the way of a peaceful settlement with them but a few misunderstandings. They can shout for collective security

on Wednesday, and sign a pact with Hitler on Thursday.

But this has always been an advantage of any autocracy, tyranny or totalitarian regime over democracy. That has not meant that those who have confidence in the innate superiority of democracy are wrong. What it does mean, in the present instance, is that the weakest opponent of Stalinist totalitarianism is not consistent, thoroughgoing democracy. . . .but rather the half-hearted, half-baked, half-mockery of democracy which is really the capitalist world.

The reality with which capitalism seeks to oppose the demagoguery of Stalinism is the dictatorship of the ally Franco; the democracy-for-whites-only of South Africa; French rule in North Africa, and white rule throughout most of that continent; Rhee's dictatorship in South Korea; Chiang's corrupt dictatorship in Formosa and Songgram's in Thailand; the oil dynasties of the middle east; the military dictatorships of Latin America, etc. etc. This is what the world at large, and the oppressed masses in particular, see as the real political face of capitalism. It is this, and neither freedom nor the American standard of living, which is actually competing with Stalinism. And the role of the United States in the struggle is to subsidize, support and back up all these corrupt and outmoded ruling classes, or the imperialist allies who in turn support them. And thus the ground is prepared and made fertile for the Stalinists to sow and reap a harvest of support in the struggle of competitive co-existence.

It is not that no alternative is available. The labor movement in America, for instance, has everything to gain and nothing to lose by pursuing a consistent and principled democratic foreign policy. It could throw its support,

moral and material, to precisely those democratic and socialist movements abroad which are seeking to end both foreign and domestic oppression, to modernize and liberate their countries. They could throw their political weight at home *against* the support for discredited autocracies and imperialisms abroad. Armed with such a foreign policy, they could meet the Stalinist challenge head-on both in Europe and throughout the rest of the world.

"You want peace?" the labor movement could say. "Good, we are for it too. We are for democracy also, and to prove it, we are broadening it at home and are exercising every effort to help it and defeat its enemies where ever they may be, *first on our side of the iron curtain*, where we can actually do it. As to the partition of Germany, we are pulling our troops out of that country to show that we really stand for peace. . . .and we expect that. . . .you will not dare to do the same. We are not for peace with you because we think you are democrats, or are good fellows, or are for peace. You are totalitarian tyrants, as always, and we will continue to tell the world exactly that. But we are for peace because we do not propose to expose the world to nuclear devastation, and because, *above all, we are confident that it is your regime and not ours which is sick and which, if left to stew in its own juice, will eventually disintegrate as a result of the struggle for freedom by your slaves*. In the meantime, what we have to offer the rest of the world is help to establish liberty and democracy and a rising standard of living in their own countries. If you think you can compete with us to win the support of their peoples, go right ahead."

The American labor movement (and those in France and Britain are,

in their own ways, in a similar state) is in no position to meet the Stalinist challenge in this way. . . . the only way in which it can be met successfully. This is so because our labor movement is still bound to capitalist politics, both ideologically and organizationally. Until it liberates itself from this bondage, it cannot even begin to meet Stalinism on an equal, let alone a superior footing.

It is still the most important mission of socialists, especially in the

United States, to seek by every means at their disposal to assist the labor movement at home to break with its capitalist ideas and allies and seek the leadership of the nation.

Unless this happens in the United States and some of the other leading countries, the Stalinists will ultimately succeed in their immediate aim of stabilizing and sanctifying the status quo in Europe, and bending events to their advantage in Asia and the rest of the world.

GORDON HASKELL

## Quarterly Notes

# Labor Unity: A Momentous Event

When the American Federation of Labor and the Congress of Industrial Organizations opened their convention on December 7, 1955, just about two decades had elapsed since the Committee for Industrial Organization was expelled from the AF of L. For twenty years the American labor movement has been divided into two mutually hostile and warring factions. But far more important in the long run than the history of fratricidal struggle is the fact that during these two decades the trade union movement in this country has transformed itself from a relatively narrow organization of the building trades, and a few other skilled workers into a mighty, broad, national organization of the American working class as a whole.

Looking back at it now, one can say that it is hard to see how this result could have been achieved without the split in the labor movement which has now come to an end. The old AFL was just too strongly dominated by the narrowest of craft outlooks to respond to the opportunity to organize the mass-production work-

ers in the basic industries. Given the pioneering work and the competitive threat of the CIO unions, the AFL leaders were able to bestir themselves sufficiently to take in the hordes of workers who were practically breaking down their doors. The mass influx transformed many of these unions. It was only this transformation which made it possible for a George Meany to replace a William Green, and to lead the hard core conservatives of his own organization reluctantly to the unification ceremonies.

Even at that, the unity might not have been achieved, or at least not at this particular time, were it not for two essentially *conservative* pressures which have been bearing down on the labor movement with increasing weight for the past few years. By far the most important of these is the pressure the capitalist class has been able to put on the workers as a result of the former's increasing *political* strength over the past decade.

The most dramatic expression of this pressure was the passage of the Taft-Hartley law, and the utter inability of the labor movement to mus-

ter any but token strength for its repeal or fundamental revision in all the years it has been on the law books. In this respect, victory with Truman meant no more to them than defeat with Stevenson. And the law bears down with greater and greater weight as its interpretation and administration continues in the hands of increasingly conservative officials and as capitalists learn to use all the boobytraps and time-bombs concealed in it. Having experienced what can be done to unions under the protection of this law even in good times, thoughtful workers and labor leaders shudder at the thought of what they will face if the country is once again subjected to a serious siege of depression and unemployment.

But Taft-Hartley is just the most dramatic symbol. In the South it has been combined with all the traditional union-busting measures of the pre-CIO era with devastating effect on the big post-war drive of both federations to organize that area. Significant sections of industry have seen the promised land of low-wages and unorganized workers below the Mason-Dixon line and in the smaller rural communities of the middle and south west, and have moved their operations to these areas leaving the organized workers at their old sites high and dry.

And in general, despite the long post-war prosperity, despite the bulging treasuries and the imposing new headquarters, health and welfare funds and the like, the labor leaders *feel* that hostile elements have the upper hand politically and that sooner or later they are going to use their power for an all-out drive against the unions. This, more than anything else, helped the most politically sophisticated and sensitive of them to push over all the many and difficult barriers to unity at this time.

The other factor which made unity possible was the fact that both the AFL and CIO had been growing toward each other in many ways ever since the split, and particularly during the post-war era. On the one hand, this growth was healthy and progressive, as in the tendency of more and more AFL unions to take in unskilled workers on an industrial basis, to reduce the old racial barriers which had disgraced them for so long, etc. On the other hand, there has obviously been a thickening and hardening of the bureaucratic crust in the CIO unions over the seething rank and file democracy which won the great battles of the '30s. Many of the top CIO leaders, now in high office for ten, fifteen or twenty years, began to think and feel much more like their opposite numbers in the AFL. Despite the understandable uneasiness of some of the latter at the prospect of sitting down at the same table as colleagues with the parvenue CIO leaders, even the first tentative contacts made it clear to them that these gentlemen were not really the wild-eyed agitators with whom the AFL moguls had sought to scare their members and prospective members for so many years.

The defensive motives which compelled this unity as outlined above in no way change the fact that the united labor movement is a far more formidable and powerful force in the national life of the country than the old divided movement could possibly have been. Speaker after speaker arose at the unity convention, both from among the labor leaders and from among the "Friends of labor" and other dignitaries who had been invited to address the body, and counseled the new labor movement to use its strength sparingly, cautiously, soberly and with humility. Speaker after

speaker got up to proclaim that the class struggle, thank God, has no place in this great country of ours. It was just a product of the hallucinations of a lonely refugee in a dark recess of the British Museum, and has no relevance to the American scene. Speaker after speaker proclaimed that no responsible labor leader is for a labor party, that it would be a disaster if such a party were to be formed, and the like.

This was all in the realm of historical, social and mythological theory. When Meany and others got down to talking about the practical problems which face the labor movement, they spoke about the need for labor to become "more political" than in the past; to participate more actively in national politics; to meet their adversaries on whatever ground the latter may choose, including that of politics. When Meany left the convention hall and went over to extend the hand of friendship to the 60th annual convention of the National Association of Manufacturers, he was met with a snarling attack from the top leader of that organization and the proposal of a "code of conduct" to be signed by industry and labor the terms of which read like instructions handed an enemy who has agreed to surrender, unconditionally.

Meany, who had just come from presiding over a convention whose delegates represent about 15,000,000 American workers from every state, city and town in the country replied to the NAM's leader in the presence of reporters:

"If the NAM philosophy to disfranchise unions is to prevail, then the answer is clear. If we can't act as unions to defend our rights, then there is no answer but to start a labor party."

Meany repeated this again at much

greater length over a national TV network when prodded by reporters. He is a deliberate and thoughtful man. He made it clear that he hopes the labor movement in this country will never be forced to form a labor party; that he does not believe that its enemies will get their way to the point where this will be the only alternative left to the workers; that he certainly does not think any such situation is imminent. But the fact remains that the most solid, most representative leader of the American labor bureaucrats turns again and again to this among all the possible solutions to labor's political dilemma in this country.

The united labor movement faces all kinds of internal problems, and it is quite likely that much will happen before this unity settles down into its permanent mold. Racism, racketeering and raiding will all give rise to struggles of varying scopes and intensities in the months and years ahead. There may be split-offs from the united organization, and even big ones, before some of the most cancerous growths which have afflicted the organized workers in this country have been eliminated. There may also be considerable periods of apparent calm when far too little seems to be happening.

But the handwriting is on the wall for the racketeers and racists who have dominated such sizeable sections of the movement for so long. And the neanderthal type employer, who decides he is going to spearhead the return of class relations to what they were before the CIO was formed is also going to find it much harder going. After all, even those of the CIO's leaders who have been getting to think and act more and more like AFL bureaucrats come from the tradition of a labor movement which is

neither a racket nor a labor-management mutual admiration society, and they are bound to join forces with their similars who have existed in the AFL throughout its history against the section of the leadership whose whole outlook is essentially alien to trade unionism.

THE FIRST REAL TEST of the united labor movement on the industrial front came in the bitterly-fought Westinghouse strike of the International Union of Electrical Workers-CIO. The second was and is, as we go to press, the Miami hotel strike. In both cases the united labor movement appears to have shown the increased strength and self-confidence of its unity.

The next test will come in the national elections of 1956. It would hardly be reasonable to expect the new giant to feel his strength so clearly in so short a time as to enter the political arena on his own behalf and under his own banner. Only the rapid development of some extreme attack on the movement, or of an irreconcilable struggle in the Democratic Party could lead to that.

But American politics being what

they are, there is much short of forming its own party that the labor movement can and will do which can at least have the effect of increasing its political experience and self-confidence, which can test the mettle of itself, its friends and its enemies. Most generally it will probably test the increased effectiveness it has gained by unity in the very limited field of getting out the votes for the Democratic Party. Here and there it may be emboldened to run its own candidates against those of the party machine, or to engage in other forms of independent or quasi-independent political activity under the transparent camouflage of the Democratic Party label.

Despite itself, or anything its leaders may do, there can be no doubt that in this election all other class forces and groupings will feel the effect of the labor unity and will seek one or another method of adapting themselves to or dealing with the fact that a new political force is now in the field. Nothing could more clearly bring home to the American working class and the whole American people that the unification of the labor movement is an event of almost incalculable significance in their history.

G.K.H.

## Economic Prospects for 1956

### Capitalist Stability versus Current Economic Trends

American capitalism achieved new peaks in production, employment and income during 1955. As the January, 1956, *Monthly Letter* of the First National City Bank puts it: "The nation has ended its busiest and most prosperous year with the indexes of over-all business activity at the highest of the year. Latest figures on production, non-farm employment,

consumption, income, and investment, indicate that the trend is still upward."

The New York *Times'* financial editor, John G. Forrest, in the annual review of the nation's business, on January 3, 1956, stated: "Boom all the way. That was 1955 for United States industry." Mr. Forrest summarizes the performances of 1955 by stating:

"When the tally is struck for 1955, it probably will show a gross national product of around \$387 billion. That would be 7 per cent above 1954's total and 6 per cent above 1953's, the previous peak."

No matter what measure is taken, whether it be the Federal Reserve index of production or just such a simple index as the output of steel, or any other likely measure, there is no doubt that 1955 was the number one year so far as production is concerned in the history of American capitalism.

This remarkable performance of the American economy, which to a certain extent is paralleled by the rest of the capitalist economy throughout the world, has persuaded some bold apologists for the bourgeoisie and some ex-socialists to reach the conclusion that there is no longer any class struggle in the United States; that depressions are a thing of the past and that through some miraculous process (not quite clearly understood or explained by anyone) the millennium has arrived. There is no longer any need to advocate socialism because American capitalism, under the Eisenhower Administration, has produced a land of plenty and permanent prosperity. Some even go so far as to refer to this new utopian state of affairs as the "land of permanent peace and prosperity."

The process by which The Permanent War Economy becomes "permanent peace and prosperity" is a triumph for the semantic arts. The question remains, however, to what extent, if any, has capitalism under The Permanent War Economy eliminated the business cycle, or, if you prefer, eliminated severe depressions?

The interest in the subject is such that the Chamber of Commerce of the United States has devoted an entire pamphlet to the subject, entitled,

"Can We Depression-Proof Our Economy?" This pamphlet refers to the adjustments and increases in production that have taken place since the end of World War II, and to the fact that there are "Numerous automatic built-in stabilizers or cushions which we did not have in 1929."

"All these factors," the pamphlet concludes, "have lead some students to believe that we are more or less depression-proof; or at least, that serious general depressions are less likely to occur than formerly." The question is then raised: "Is this optimism justified? Or, have we merely been the beneficiaries of exceptionally favorable postwar factors?"

The United States Chamber of Commerce then proceeds to review the "evidence." A Prentice-Hall release is cited in which it is stated that: "It is becoming crystal clear that serious depressions have been abolished in the United States by popular vote." (*Sic!*)

It is pointed out that the 1953-1954 recession was unusually mild and the fact that it did not degenerate into a full-fledged depression is most heartening and perhaps warrants the belief that there are some new factors on the scene in the form of these "built-in stabilizers," and while no categorical statement is made, the presumption is that perhaps, at the very least, severe depressions are a thing of the past.

On the other hand, the Chamber of Commerce proceeds to point out to those that are unduly complacent that they should take heed from the warning issued by J. K. Galbraith published in *Harper's* magazine, October, 1954, to the effect that "important people begin to explain that it cannot happen because conditions are fundamentally sound." From which Mr. Galbraith draws the conclusion that that is precisely the time to worry be-

cause another collapse, comparable to 1929, in his opinion, is definitely possible. The Chamber of Commerce, moreover, does not lose sight of the political importance of the subject. It points out that "if we attain this target [sustained prosperity], other domestic problems will remain manageable. For international reasons as well, the attainment of this goal is important. It will refute the Marxists' criticisms of private capitalism both here and abroad." The question of the so-called new perspective and economic outlook, that is, permanent prosperity, has engaged the President's Council of Economic Advisers. In their 1955 economic report to the President, they review the experiences of the 1953-54 recession and draw the following lessons (quoted by the U. S. Chamber of Commerce):

First, that wise and early action by government can stave off serious difficulties later;

Second, that contraction may be stopped in its tracks, even when governmental expenditures and budget deficits are declining, provided effective means are taken for building confidence;

Third, that monetary policy can be a powerful instrument of economic recovery, so long as the confidence of consumers and businessmen in the future remains high;

Fourth, that automatic stabilizers, such as unemployment insurance and a tax system that is elastic with respect to the national income, can be of material aid in moderating cyclical fluctuations;

Fifth, that a minor contraction in this country need not produce a severe depression abroad;

Sixth, that an expanding world economy can facilitate our own readjustments.

Let the apostles of the new religion of "permanent peace and prosperity under capitalism" jump to the conclusion that they have a real ally in the United States Chamber of Commerce, let us point out that im-

mediately after the analysis presented above and the quotation from the President's Council of Economic Advisers, the United States Chamber of Commerce states: "It would be difficult to find a single economist who believes, as some did in the late 1920s, that we are, indeed, depression-proof."

If the United States Chamber of Commerce is not ready to take the plunge into the new camp of "permanent peace and prosperity under capitalism," there are others who are not quite so cautious. And that is pretty much the position of Sumner H. Slichter which he has expressed in various articles, including one published in the *Atlantic Monthly* for May, 1955, entitled, "Have We Conquered The Business Cycle?"

While Slichter likes to leave himself an "out," he is also fond of making headlines. For example, in a recent article of The New York *Times* Magazine section of December 4, 1955, dealing with the relationship of our economy to politics, Slichter states: "A severe depression would undoubtedly sharpen the differences between the parties in the United States and would accentuate the influence of the left-wingers in the Democratic Party, *but the days when this country can experience anything worse than moderate or possibly mild depressions are gone forever.*" (My italics—T.N.V.)

WHAT ARE SOME OF THESE "built-in stabilizers" that are supposed to have eliminated severe depressions and achieved a more or less permanent modification in the business cycle? They are summarized by the United States Chamber of Commerce in the aforementioned pamphlet as follows:

(1) The quick offsetting reactions which occur in our tax structure, with the heavy reliance on the income tax; (2) Stability and size of the government

expenditures; (3) The farm price support program; (4) Unemployment compensation; (5) The numerous private and public pension programs; (6) The Federal Deposit Insurance System; (7) The self-amortizing nature of most private debt; and (8) The volume of liquid assets held by individuals and businesses.

To the extent that these factors mean anything—and they do mean something that is very important—what is being said here is that capitalism under The Permanent War Economy has achieved a life of more or less permanent government intervention and that this government intervention has modified the business cycle.

Certainly the government's Council of Economic Advisers takes credit for the fact that serious economic fluctuation or depression has been avoided in the past few years. Its chairman, Dr. Arthur F. Burns, puts it this way:

These are the basic premises that have controlled our business cycle policy in the recent past. If governmental policy in the months and years ahead continues to adhere to these premises, if government steadily maintains a watchful eye on the state of business and consumer sentiment and if it gives heed to the need of avoiding inflation as well as depression; we may, I think, be reasonably confident that—although we are likely to continue to have fluctuations in individual markets, to some degree even in the economy as a whole—we will avoid in the future the business depressions that have marred our brilliant record of free enterprise in the past.

This would seem to put the Council of Economic Advisers, an official government body, almost in the camp of Sumner Slichter.

The United States Chamber of Commerce concludes its pamphlet on this question as follows:

Are we, then, depression-proof? *Prolonged and deep depressions are avoidable and will not occur again, unless we take complete leave of our wits—which could be.* Minor fluctuations and rolling

adjustments in industry after industry are inevitable. While having unfortunate aspects, they nevertheless perform a useful and essential function. Individual companies will face changing fortunes. Crises in international affairs can be upsetting. Domestic political uncertainties, threats of undue business regulation or taxation—these and many other factors could undo the promising developments in the field of stabilization. *Stability has to be earned.* (Italics in original only in the last sentence.—T.N.V.)

Is this a new era or is it not? On the one hand, severe depressions are avoidable and will not occur, that is, "unless we take complete leave of our wits," but apparently it is possible, according to the United States Chamber of Commerce, that we may take complete leave of our wits. And one suspects that taking complete leave of our wits has reference to such measures as increasing the minimum wage law, etc.

Let us not be completely disheartened because later on in its conclusion the Chamber of Commerce makes the fairly bold statement: "*If we have the courage to avoid excessive booms and the wit to use what we know, there is reason to believe that future instability can be kept within fairly tolerable limits.*" (Sic!) In other words, if we can avoid depressions there will be no depressions. But how do we know we can avoid depressions?

Lest anyone accuse the United States Chamber of Commerce of a definitive statement on a subject of this kind, we must quote the very last sentence in their brochure: "And, since the future can never be foreseen with certainty, it is always wise to *watch out for surprises.*"

Lest there be any possible misunderstanding on this question, let us make it perfectly clear. If capitalism can succeed in eliminating the business cycle, i.e., in achieving permanent peace and prosperity, then not

only has the class struggle been so transformed as to be unrecognizable but clearly there will be no need for a socialist form of society to organize the productive forces for capitalism will have guaranteed their *permanent* increase. The question, therefore, is of great theoretical and practical importance.

If the performance of the economy in 1955 was at record levels, the outlook for 1956 is clearly relevant. Will this boom keep rolling on and on and on, so that memories of depressions fade into the dim and distant past and pretty soon there will be no living inhabitants who recall the depression of the '30s or the rather severe recession of '47 and '48 or even the mild recession of '53-'54?

The United States Chamber of Commerce is extremely bullish in its outlook for 1956. The forecast by its chief economist, Emerson P. Schmidt, states: "The expansion which began in the summer of 1954 carried through 1955. The high Christmas sales will start 1956 off with good levels of employment, production and general economic activity. *The year 1956 may well be our best year in history.*" (My italics—T.N.V.) There is no hedging here—"the year 1956 may well be our best year in history." Of course, there is the qualifier "may," but on the other hand the implication is that it should certainly be the best year in history.

Mr. Schmidt is a brave man and he has made these statements in a publication of the United States Chamber of Commerce, entitled *Nation's Business*, which receives rather wide circulation. He states: "To see unmistakably into the future, of course, is not given to man. Surprises—pleasant and unpleasant—are likely. But, in so far as it is possible to weigh and assess

recent trends, optimism for next year is justified."

The same issue of *Nation's Business* (December, 1955) contains an article by businessman Henry Ford II on the same subject, Outlook for '56. Mr. Ford, in answer to the query, How does business look to you in 1956? states:

We are very optimistic. I think that it is a little early to tell about the whole year. Certainly the first half ought to be pretty good, but we have an election year coming up. People get preoccupied with candidates and issues in an election year and when feelings run high business has a tendency to run low. *As a result 1956 might not be quite as big as this year—but I think it ought to be a good year.* (My italics—T.N.V.)

"1956 will be a very prosperous year, but perhaps not quite as good as 1955." It is possible that businessman Henry Ford II's outlook is colored by the fact that his firm produces automobiles. In answer to the question, How about the automobile business?, Mr. Ford states:

The automobile business will have a fine year, too. My personal feeling is that it won't be as big as 1955. How big the reduction is going to be is anybody's guess. If we assume a 10 per cent reduction, we will still have our second biggest year. Ten per cent of what do you want to say, 7,600,000? That would still be the second biggest year after 1955.

WE SHALL RETURN TO THE outlook for the automobile industry. Meanwhile, let us consider a few more general statements on the business outlook for 1956. The confidential Babson's Reports issued early in November on the 1956 forecast for stocks and bonds shows a rather sharp disagreement with the extremely bullish statements that have emanated from most sources. States Babson: "For the year ahead we are forecasting that the Babson chart index of the physical volume of busi-



ness will average around 150—some five per cent below the record 1955 mark.” Babson amplifies its general prediction by stating: “We look for a decline in general business during the first half of the year which is likely to be somewhat more vigorous than the recovery which we anticipate will set in during the last half of the year.”

The Babson forecast is unique in that all those who are cautious about '56 other than Babson, state that the boom will continue to roll during the first half of the year and if there is a decline it will be in the second half. Babson, however, predicates its reverse forecast on the fact that it expects a decline in the automobile industry and that this decline will be concentrated in the first half of the year but in the second half of the year when 1957 models will be introduced very early, there will be a sharp increase. Babson also expects a sharp decline (about 15 per cent) in the home building industry in 1956. He feels that when this trend is apparent the government will then step in and take steps to revive building. There is a logical analysis here; whether it will prove to be accurate, of course, remains to be seen. The important point, however, is that here is a very reputable bourgeois outfit (whose reputation for accurate forecasting in the past is unusually good) that does not feel that the boom continues to roll on and on, but that 1955 was the peak. This, of course has important implications for the general question under analysis.

Of equal interest with the Babson forecast is that of *Fortune Magazine*—according to its own blurb, “the *ne plus ultra* of business publications.” *Fortune's* own summary of its 1956 economic forecast contained in its January, 1956, issue under the Business Roundup is to the effect that

“1956 may be a little rough on a number of businesses. This, despite the fact that it starts out as the best year yet: in '56 the Gross National Product rate will edge up to around \$403 billion from '55's sensational year-end rate of nearly \$400 billion. But there will be a slight down-turn about mid-year.”

More interesting is *Fortune's* forecast by major industries:

If you're in any branch of capital goods—machinery, plant, equipment—things look good. But home goods are slowing, steel will go down by midyear, home building starts will be off 100,000 units or so, car buying by a million or more. All consumer businesses are up against the competition of \$35 billion in consumer debt repayments during '56, up \$4 billion from '55. *And unemployment could rise to over four million, since two million jobs will be cut out by increased productivity, and some 700,000 new workers will join the labor force...*” (Italics mine—T.N.V.)

Most business men are optimistic about 1956. Retailers particularly reflect the results of a study made in October by the Survey Research Center of the University of Michigan which indicated that 71 per cent of all people expect good times to continue at least through the first eight months of 1956.

At the recent meetings of the American Economics Association there was much discussion about this question, and it was noteworthy that there is now some hedging about the continuation of the business boom. As *The New York Times* in Mr. Forrest's column of January 1 puts it: “Some economists last week differed on the 1956 business picture, with several leaning to the theory that the boom would reach its peak early in the year and that caution should be the watchword after that.”

The only really discordant note was struck by Dr. Edwin G. Nourse, for-

mer chairman of President Truman's Council of Economic Advisers. Dr. Nourse predicted (according to the same article in *The New York Times*): “*We should contemplate a drop of 15 or even 20 per cent in business during 1956.*” (Italics mine—T.N.V.) A drop of this magnitude would mean a decline of \$60 to \$70 billion in gross national product and a catastrophic increase in unemployment. Here we would have not just a mild depression, but from every point of view a rather severe one.

There can be no doubt that Nourse was expressing what might well be termed “the Democratic point of view” on the business outlook. As a matter of record, this view was expressed by the supplemental views of the Democrats on the Joint Committee on the Economic Report in connection with the January 1955 Economic Report of the President. (Report No. 60, 84th Congress, First Session). This supplemental report showed that while they agreed that recovery had taken place from the trough of the 1953-54 recession, we were not really out of the woods, and that there was great danger that developments in the automobile industry and related industries such as construction could cause a downturn of fairly sizable proportions.

To quote the Democratic members (Senators Douglas, Sparkman and O'Mahoney and Representatives Patman, Bolling, Mills and Kelley):

Because the president's confident expectations for the coming year are centered on a shift of inventory policy from liquidation to accumulation, on the recovery in automobile production, and on rising expenditure for new construction, it is necessary to examine carefully these areas. These may not be sustained throughout the year. A sharp cut-back in automobile production in the last half of the year would have pervasive effects

in the steel, coal, textile, and accessory parts industries. Some analysts expressed uneasiness whether the recent rise in construction will persist. If, however, the automobile or construction industries should encounter heavy weather in the last half of the year, and if other segments of the economy do not recover sufficiently to offset them, it would be a matter of prudent and judicious action to fly the storm warnings. Economic declines are like landslides—it takes less to stop them early than after they gain momentum.

The record shows that the Republicans were better forecasters in '55 than 1956, but the Democrats have held to their basic analysis. What they are doing (and Nourse is clearly one of their most influential spokesmen) is to project into 1956 the forecast they had made for the later part of 1955.

What does Nourse base his views on? Actually, he is basing himself on a better understanding of the long-run and traditional functionings of capitalism than many of our new apostles of the virtues of “free private enterprise.” Nourse has devoted some study apparently to some of the fundamental trends at work, particularly in relation to automation and increasing productivity. His testimony on October 28 before the Subcommittee on Automation of the Joint Committee on the Economic Report received a proper headline in *The New York Times* of October 29, 1955, namely: “Economist Fears Overproduction.”

Dr. Nourse's testimony is worth study. He states:

The real change came when we passed from this kind of continuous process mechanization to that in which electronic devices make it possible to dispense to considerable extent with the mental element in manual control and to use the feedback principle extensively. Under this principle electronic mechanisms make it possible to conduct more elaborate, more economical, and more precise

continuous productive operations because the outcome of the process controls the process itself, starting, altering, or stopping it so as to make it produce a desired result. This should dispose of the cliché that automation is nothing new—just more mechanization. It has its roots in mechanization, to be sure, but something new was added when electronic devices made possible the widespread application of the feedback principle. . . .

The issue which automation now raises is this: Will it alter present economic relations in such ways as to disturb these favorable conditions, or will our business system be able to translate these technological improvements fully and properly into still greater general prosperity and higher standards of living? It is evident it will change wage income both by numbers of jobs, some places up and some places down, and by wage rates upgraded here and downgraded there. It will obsolete some capital equipment and make important demands for new capital equipment. It will affect unit costs for some products, but not all; prices in some markets, not in others; profits and dividends, tax yields, and public spending. . . .

In contrast to the preponderant attitude of business executives, labor union officials have been outspokenly concerned about the economic impact of automation on the well-being of the mass of worker-consumers in the years immediately ahead. . . . "But we believe that much study is needed by all parties if the gains are to be made as large and as steady as possible and the temporary dislocations and local burdens or losses made as small as possible and most equitably shared." With this view I find myself in accord rather than with the idea that the problem will take care of itself or be disposed of automatically by the invisible hand of free enterprise. . . .

When businessmen or others say that technological progress is good *per se* and that it takes care of its own economic process, they invoke a simple logic of the free enterprise economy. The entrepreneur seeks profit by adopting a device for raising efficiency. This lowers cost. Price falls proportionately and thus broadens the market. This restores the number of jobs or even increases them and raises the level of living or real incomes. This comfortable formula presupposes a state of complete and perfect competition in a quite simple economic

environment with great mobility of labor, both geographical and occupational. *But these are not the conditions of today's industrial society, with large corporations and administered prices; with large unions and complicated term contracts covering wages, working conditions, and "security"; with complex tax structures, credit systems, and extensive government employment and procurement.* The smooth and beneficent assimilation of sharp and rapid technological change has to be effectuated through intelligent and even generous policies painstakingly arrived at by administrative agencies, private and public. . . . (Italics mine—T.N.V.)

Against the complacent picture presented by some witnesses at these hearings let us put the actual sequence of economic developments in postwar United States. Technology (with infant but growing automation) has been put to full use under conditions of extraordinarily high and sustained demand, public and private. Labor, viewing this unparalleled rise in productivity, has sought to capture the largest possible share in the form of successive rounds of widespread wage increases in basic rates, escalation formulas, and fringe benefits. As the unit cost of labor went up, management sought to maintain or improve its earning position by raising prices and/or by introducing labor-saving machines and administration. The first solution of management's problem—that is, price raising—has been facilitated by our elastic monetary system, and we are now drifting along on a Sybaritic course of mild inflation as a way of life. The second solution of management's problem of meeting labor's wage demands has accelerated piecemeal mechanization, yesterday's infant "scientific management," today's adolescent automation. [And still there are some who say the class struggle has disappeared!] . . .

I strongly suspect that we have already built up at many points a productive capacity in excess of the absorptive capacity of the forthcoming market under city and country income patterns that have been provided, and employment patterns that will result from this automated operation. We are told on impressive authority that we have not been making adequate capital provision for re-equipping industry in step with the progress of technology. This is probably

true if it means making full application of electronic devices and univac controls generally throughout our industrial plant. But we have not yet demonstrated our ability to adjust the actual market of 1956-1957, etc., to the productivity of the production lines we have already "modernized." *They have not yet come to full production, but as they do we see incipient unemployment appearing.* Since that, along with slight credit tightening, will tend in some degree to restrict the market appetite, *it seems likely that next year will see a still further enlarged output somewhat out of balance with this reduced demand.* Suggestions have been made that balance could be restored by lowering prices or by cutting the work week. Both processes take time and present their own difficulties. Meanwhile, the current trend is toward higher prices reflecting wage advances already negotiated. . . . (My Italics—T.N.V.)

In the course of these hearings various members of the committee and its staff have raised the question whether legislation should be recommended to deal with the problems created by so-called automation. The answer, I think, is an unqualified NO. To curb or redirect the process of scientific discovery and engineering application and the adaptations of businessmen and consumers to these changes would be utterly repugnant to the system of free enterprise and individual choice that have made our country great. None the less, every time the Congress passes a money bill, every time it revises our tax structure, every time it passes a regulatory measure for price maintenance (alias "fair trade"), farm price supports (alias "parity"), or stockpiling of copper, rubber, wool, or silver it is giving punch-card or tape instructions to some part of the continuous flow mechanism of our economy. Public policy on all these matters should be framed in the light of the fullest possible understanding of the integrated character of the price-income structure and behavior of our economy, with an eye single to promoting "maximum production, employment, and purchasing power" for the whole people, not to serve the immediate interest of any special group. . . .

But in a free enterprise system human judgment is given play at most of the important points of interrelationship. Unless the responsible executives seek to integrate their operations to the pro-

perity of the whole economy and use the full apparatus available for gathering and processing the data relevant to policy determination our economic process will disintegrate into wasteful struggles for individual or group short-run advantage. Much of the potential benefit of technological progress (of which automation is one particular expression) may be lost through failure to make our economic structure and practices equally scientific.

It is not necessary to belabor the point. There are sharp differences of opinion within the bourgeoisie itself on the outlook for 1956. The fact that some of the more eminent representatives of the bourgeoisie are not too confident about the outlook for 1956 or about the perpetual prosperity that the disciples of the new era proclaim, ought to give these disciples some pause. That it will, however, is highly dubious. They will have to encounter hard reality before their views are shaken.

Perhaps the proper way to put it is that there is a form of *malaise* penetrating almost every sector of society. For example, The New York Times' column, The Merchant's Point of View, in its December 11, 1955, issue, states: "*Industrial production, now leveling off after surpassing all previous peaks, will be unable to take care of a growing labor force. This will mean a rise in unemployment which can exercise a dampening effect upon buying enthusiasm.*" (Italics mine—T.N.V.)

If the business cycle has been eliminated, or if severe depressions are a thing of the past, relegated to the history books, one may logically ask, why does this feeling of *malaise* persist?

The previously cited monthly letter of the First National City Bank of January 1956 observes:

The economy does not yet show convincing signs that excesses have reached dangerous proportions, nor are they in

any sense inevitable, but they *could develop* if we substitute enthusiasm for caution and emphasize prosperity to the extent that we forget its problems. *The biggest problem of all is to slow down to a sustainable rate of growth without going through a cycle of boom and bust.*" (Italics mine—T.N.V.)

Is this merely a psychological hang-over from the past history of capitalism or is there a realistic danger that depressions are still possible?

It seems to us that the general feeling of cautiousness or *malaise* that has more recently penetrated the more knowledgeable circles of the bourgeoisie and its spokesmen, is not without practical foundation. The recent boom has rested in large part on the automobile and construction industries. If these industries are indeed headed for declines of 10 to 15 per cent, then there will be rapid repercussions throughout the economy.

As for the outlook for the automobile industry, previously we cited the opinion of Henry Ford II. We now have the opinion of Harlow H. Curtrice, president of the General Motors Corporation, that there will be a 12 per cent drop from the 1955 production total of 7,940,862 cars. This would be almost one million cars less to be produced in 1956 than in 1955.

George Romney, president of American Motors Corporation, put the decline at 15 per cent. Only L. L. Colbert, president of the Chrysler Corporation is bullish among the automobile magnates.

As The New York *Times* of December 11, 1955, put it: "Nobody in the industry talks about market saturation. But nobody denies that sales are becoming increasingly difficult to make."

As a matter of record, and as reported in The New York *Times* of December 25, 1955, the new car inventories have increased to the very sub-

stantial stockpile of 710,000, which is a record for this time of the year when new models have just been introduced. Even more significant is the fact that this large figure includes 325,000 new 1955 models which are likewise awaiting disposal.

An *Automotive News* tabulation, according to The New York *Times* article mentioned in the preceding paragraph, shows that before the full production of 1956 models got under way the dealers had 569,335 new cars on hand. For December, 1954, the total stood at 265,153 units. In other words, there has been a substantial increase in the stocks of available cars, or to put the matter in simpler terms, production is outstripping sales. Automobile dealers are being squeezed and are beginning to go out of business.

It would appear to be the overwhelming consensus that American capitalism cannot in 1956 duplicate the almost 8,000,000 passenger car production of 1955. There will be a decline of 10 to 15 per cent. A decline of this magnitude is a matter not only of several billion dollars of automobiles, but of steel, parts and all the various supporting and allied industries, and has an accumulative effect for the simple reason that the automobile industry stands at the apex of the economy

If it were possible for capitalism constantly to increase the output of automobiles and allied products and to dispose of them, then there might well be hope for the "permanent peace and prosperity" school. The facts, however, are otherwise. The natural laws of capitalism assert themselves in relatively quick order and we find that relative over-production is today a current problem plaguing the automobile industry. Tomorrow, the problem will be unemployment in the

automobile industry and its allied industries.

As I told the editor when this article was requested, if he were willing to wait a few months history would provide all the answers needed to the nonsense that American capitalism has achieved permanent peace and prosperity. So far as the automobile industry is concerned, The New York *Times* of January 14, 1956, reveals that the manufacturers of automobiles are themselves not independent of economic facts, nor are they disposed to rely entirely on the verbiage of their public relations departments. The inevitable has happened, and sooner than expected. The headline, "Big 3 Car Makers Cut Work Forces," makes it very clear that the predictions of a decline in automobile production in 1956 are about to be realized.

The subject has far greater importance than the 8500 workers who have so far been laid off at 15 or so automobile plants. To quote The New York *Times*:

A series of lay-offs was announced yesterday by the Big Three auto companies.

As one of them put it, the lay-offs were ordered to "maintain a balance between passenger car production and market demand."

*It has been no secret in the industry that sales of the 1956 models have been disappointing and new cars are piling up on dealers' lots. Auto executives have frankly predicted some decline this year from the record sales and output of 1955, although they do not agree on how much of a decline it will be.*

In recent weeks, the industry has abandoned Saturday and other overtime work, which had prevailed almost without a break for more than a year. (Italics mine—T.N.V.)

The automobile industry graphically illustrates the dynamic character of present-day capitalism, with its enormous accumulation of capital

and consequent increase in productivity of labor.

JUST WHAT HAS BEEN the rise in the productivity of labor is a subject which baffles the specialists. The Bureau of Labor Statistics has worked out many different methods of estimating productivity, and they generally show an increase of 3 to 3.6 per cent annually, depending upon the method used. In some industries, however, depending upon the method used, there can be an annual increase of labor productivity of as much as 10 per cent or more, the automobile industry being one of the noteworthy industries in this respect. If, however, we take a very conservative figure of a little better than 3 per cent as the annual increase in labor productivity, and if we recall that we now have an economy where there are well over 60 million employed, it is clear that normal increase in labor productivity, which accompanies normal accumulation of capital, renders superfluous approximately 2,000,000 workers each year. That is, this number would be rendered superfluous unless the economy could increase its output sufficiently to absorb this amount.

In addition to these 2,000,000 relatively displaced workers, for whom jobs must be found each year, there are, due to the increase in population, approximately 700,000 new entrants into the labor force each year. Here, then, is a measure of the problem that confronts American capitalism. Production must be increased sufficiently to absorb in the neighborhood of 2,700,000 workers annually in order merely to stand still so far as unemployment is concerned. Should there be instead of a five per cent increase in production, or a nine per cent increase which has been recorded in 1955, a decline of 10 per cent or even

of five per cent, the results will be noticeable in very short order and will astound the advocates of the "permanent peace and prosperity" school.

The tip-off, in its own way, that 1956 will indeed be a considerably different year than 1955 is seen in the Christmas announcement by General Electric that its appliance prices are being slashed up to 30 per cent. This constitutes a reduction, according to an article in *The New York Times*, December 25, 1955, of approximately \$23 million at retail for G.E. products. For example, a G.E. vacuum cleaner that has been selling for \$69.95 will now be listed at \$49.95. A G.E. toaster that had been sold for \$19.95 will now be available at \$17.95. The automatic steam iron has been reduced from \$17.95 to \$14.95. And so it goes.

Already G.E.'s competition has been forced to toe the line and other appliance manufacturers have announced similar or identical, or, at the very least, comparable reductions.

In part, undoubtedly G.E.'s move was designed to get a jump on Westinghouse, its major competitor whose production is considerably retarded by the present strike; in part no doubt, G.E.'s action is motivated by its desire to meet competition from the discount houses. But in part, and this is the most important part so far as we are concerned, the action of G.E. is predicated upon the fact that it has become increasingly difficult for G.E. dealers to dispose of G.E.'s enormous production. The squeeze is on, and as a matter of fact, the aspect of G.E.'s price reduction which received most comment in the business press is not the actual reduction in prices themselves, but the fact that G.E. took the revolutionary step of reducing the margins of profit available to the

wholesaler and retailer. This is absolutely unprecedented in recent years and its consequences will indeed be far-reaching.

The automobile situation and the appliance situation typify the growing crisis in consumer durables—one of the twin peril points confronting American capitalism as it enters 1956.

THE OTHER PERIL POINT is the agricultural crisis. Here, of course, there is no dispute about the fact that there is a crisis and that its political repercussions must be profound. Many competent observers, for example, interpret the large-scale Democratic victories in the by-elections of 1955 as due to the fact that the farm population, as a whole, has not participated in the boom; that the agricultural crisis has started much earlier and has deepened progressively as time goes on. This, of course, is in accordance with a typical capitalist pattern. It does not, however, alleviate the situation so far as the farmer or the political impact of the farmers' crisis are concerned.

For a measure of the agricultural crisis we can turn to the November 1955 issue of the *Survey of Current Business*, the publication of the U. S. Department of Commerce. This staid official government publication is certainly not going to exaggerate the proportions of the agricultural crisis. Yet, in an article by L. Jay Atkinson entitled "Agricultural Production and Income," it is stated:

The pressure of increased supplies has been such that a further decline has occurred in agricultural prices and in farm income. In the first three-quarters of 1955, cash receipts from farm marketings and CCC loans were about 4 per cent below a year earlier. Prices were about as much lower with the volume of marketings running about even with 1954. Production expenses have continued little changed and net farm income was down about one-tenth in the first 9

months of 1955 as compared with a year earlier.

Further on Mr. Atkinson states:

The decline in farm income and the small change in the asset position of farmers in recent years compares with a very substantial general advance in income and net assets in the non-farm economy. Although a gradual decline in the share of income from agricultural sources has occurred for a considerable period in the United States, a sharper drop in the past several years reflects a combination of curtailed exports of farm products and a considerable increase in output. *The related influence of rising agricultural output throughout the world has effected a substantial reduction in world agricultural raw material prices and has limited any rise in United States farm exports during a period of stepped-up efforts at surplus disposal.*

These influences have lowered farm income from the high level attained after the end of World War II despite a rise in consumer demand for farm products. They have been accompanied by a considerable shift in workers from farm to

non-farm areas. *After allowing for the reduction in the number of persons on farms, income from farming per person living on farms is down about one-fourth from the postwar high, and per capita income of the farm population from both farm and non-farm sources is off about one-eighth.* Meanwhile non-farm personal income per capita has continued to advance. Farm income per capita now bears about the same ratio to non-farm income per capita as in 1929. (My italics—T.N.V.)

Of course, the record production has occurred in the face of all types of incentives to reduce production and more of the same is the only program that the Eisenhower Administration has to offer. It is clear that the relative position of the various farming classes has worsened materially in the post-war years and the end is not in sight.

The course of farm production in recent years is shown by the following table:

FARM PRODUCTION  
(1947-49 = 100)

	1950	1951	1952	1953	1954	1955 <sup>1</sup>
<i>Farm output</i> .....	100	103	107	108	108	112
<i>Livestock and products</i>						
<i>All livestock and products</i> ....	106	111	112	114	119	121
Meat animals .....	107	114	115	114	119	123
Dairy products .....	101	100	101	106	108	109
Poultry and eggs .....	111	119	123	127	134	134
<i>Crops</i>						
<i>All crops</i> .....	97	99	103	103	100	106
Feed grains .....	104	97	102	101	104	112
Hay and forage .....	105	110	105	108	108	115
Food grains .....	83	81	105	96	83	78
Vegetables .....	101	95	96	100	97	100
Fruits and nuts .....	102	105	102	104	106	108
Sugar crops .....	117	93	95	106	116	108
Cotton .....	70	106	106	115	95	104
Tobacco .....	101	115	112	102	109	113
Oil crops .....	116	106	104	102	118	132

<sup>1</sup> Based on information available November 14.

Source: U. S. Department of Agriculture, Agricultural Research Service.

It will be seen that total farm output has increased 12 per cent during the past six years, which include the Korean war and the post-Korean war

periods. The major increase has taken place in livestock and related products. Since the proposed incentives to reduce acreage will not in any way

inhibit increases in livestock and related production, there can only be a further accentuation of this disproportion.

The proof of the pudding, so far as the farmers as a whole are concerned, is reflected in the parity ratio—this dubious measure of the ratio of prices received to prices paid, going back to a base of 1910-1914.

Whatever we may think of parity as a concept, the fact of the matter is that the trend in the parity ratio does reveal in one simple index what has been happening to the farming classes as a whole and is a relatively accurate measure of the extent of the agricultural crisis.

The current agricultural crisis is hardly a new development. It had its roots in the last years of the Truman administration, as world agricultural production was restored to pre-war levels, thereby beginning the decline in the export of large quantities of surplus American farm products. Throughout the Eisenhower administration the problem of the farmers—which in turn is a direct product of their relatively worsening economic situation—has been one that is uppermost in the minds of the politicians and frequently makes the headlines of the daily press.

The trend was quite clear almost three years ago when we wrote "The Permanent War Economy Under Eisenhower" in the March-April, 1953, issue of *THE NEW INTERNATIONALIST*. On the subject of the parity ratio we had this to say at that time:

The parity ratio, comparing prices received and paid by farmers, shows a perceptible decline during 1952. The figure was 105 in January, 1952, but declined almost 10 per cent to 95 in January, 1953. Since the parity ratio is based on average prices received and paid by farmers in the period 1910-1914, which was a rather good period for American

farmers, a parity ratio below 100 does not indicate that farmers are starving. But a decline of 10 per cent in a year is precipitous, and when the parity ratio goes below 100 (which it did beginning November) political storms start brewing in the Congressional farm bloc.

The latest figure available for November, 1955, shows that the parity ratio has declined to 81. In November, 1954, the parity ratio was 87. For three years the parity ratio has declined from 100 to 81—a decline of 19 per cent, or better than an average of six per cent annually.

This steady persistent decline in the parity ratio merely reflects the deepening agricultural crisis. It takes place because agriculture is the classic case where capitalist production quickly outruns available markets. It is taking place, moreover, at a time when American imperialism is seeking to prevent the crisis in consumer goods from deepening and paralleling that in agriculture.

Hence, there is a frantic search for export markets for the products of American industry. American capital investment abroad has doubled in the postwar period, private investments abroad reaching about \$26.5 billion at the end of 1954.

Of course, to the extent that American capitalism succeeds in alleviating the developing crisis in consumer durable goods by increasing the export markets for these products, to that extent will it aggravate the agricultural crisis. For in most cases the only manner in which these countries of the Western Hemisphere and western Europe can pay for the industrial products of America is through raw materials and agricultural products.

The tremendous increase in the output of farm products is a result of the application on a constantly expanding scale of large-scale capitalist

methods of production to farming. All kinds of new agricultural implements and labor-saving devices have been developed and produced, so that with a constantly falling farm population it has been possible steadily to increase the output of agricultural products.

The process of government intervention has not ceased under the Eisenhower Administration. According to *The New York Times* of January 11, 1956, "The Agricultural Department reported today that the Government's investment in price-supported farm products amounted to \$8,206,826,000 on Nov. 30.

"This was an increase of \$1,316,809,000 from Nov. 30, 1954, when the investment stood at \$6,890,017,000."

In other words, during the past year there has been an increase of almost 20 per cent in the government's investment in price-supported farm products—at a time when the parity ratio has declined another six points.

It is only natural, therefore, that the farm problem is of sufficient magnitude to occasion a special presidential message—particularly since 1956 is a presidential election year. This message was delivered by Eisenhower on January 9. Its major feature is the establishment of what is euphemistically called a "soil bank." This means that farmers will be paid in cash or surplus commodities for withdrawing surplus producing land and putting it into soil-saving crops. Producers of cotton, wheat, corn and rice will be paid in cash or in kind from government stocks for reducing acres already allotted to them under federal controls. Cash will also be paid to farmers who devote their acreage to the so-called soil-building crops.

How this tepid proposal is to solve the agricultural crisis—assuming that it will be approved by the Congress,

which is a large assumption indeed—is not at all clear, not even to the proponents of the proposal. It is both ironic and significant that the only person of any note to praise the program enthusiastically was Henry Wallace, former Secretary of Agriculture under Roosevelt, under whose auspices the AAA developed the classic capitalist theory of paying farmers to plow under every third row of cotton and wheat during the depths of the depression.

In the agricultural crisis there has existed for decades one of the truly fundamental contradictions of American capitalism—for which there is and can be no solution under capitalism. It is theoretically possible for the American bourgeoisie to discuss a solution comparable to that which the British bourgeoisie instituted over a century ago with the repeal of the Corn Laws, whereby British farming was abandoned to its fate and British capitalists permitted their customers in other lands who were buying their industrial exports to pay for them through agricultural imports into Britain. While a comparable program might be considered to be the goal of certain sections of the American bourgeoisie, it is clearly too risky in this day and age when a world war can easily become a fact of political life. In fact, it is easy for the opponents of any such plan to argue that the abandonment of the American farmer to the tender mercies of unbridled competition would merely encourage Stalinist imperialism to unleash World War III.

Thus the only thing that happens to the agricultural crisis is that it gets worse, and as it gets worse it has profound political repercussions and ultimately profound consequences on the entire economy. It is the agricultural crisis that provides the general back-

ground and setting for the developing crisis in consumer durables, both of which make it clear that to talk of permanent prosperity under capitalism is just so much poppycock.

DOES THIS MEAN THAT a large-scale depression in 1956 is a realistic possibility? Obviously not. There have been certain fundamental changes in the nature and functioning of capitalism, two of which must be singled out for comment at this time. One of them has to do with the so-called built-in stabilizers, unemployment insurance, *etc.*, constantly referred to by the advocates of the "permanent peace and prosperity" school. These are real and they do help to introduce an *element* of a sort of planning, which certainly prevents any rapid downward tobogganing of the various economic indexes. As unemployment develops, for example, it does not have precisely the same cumulative depressing effect on the markets for food, clothing and other basic economic necessities as formerly. The ability to manipulate tax rates likewise is a stabilizing element which should not be minimized. Since the recent boom has to a large extent been supported by the phenomenal accumulation of capital in the form of vast expansion in plant and equipment, it is not too much to say that the new tax law, with its new provisions for rapid depreciation, has played a great role in encouraging accumulation of capital.

Business borrowing has increased substantially, causing the government to raise the Federal Reserve discount rate to 2½ per cent, a 20-year high. Interest rates in general have been rising. Bank loans increased about \$3 billion during 1955, an increase of 16 per cent above the 1954 figure.

One of the interesting aspects of

the boom in accumulation of capital is that it has largely been financed out of profits and surplus values accumulated in past periods. As *The New York Times* of January 8, 1956, puts it:

A detailed breakdown of long-term corporate financing in 1955 shows another striking phenomenon. Despite the sharp rise in business activity, external financing—raising funds from outside sources—did not increase. It ran at about \$6,000,000,000, the same or a slightly higher rate than in 1954.

It should not be forgotten, in passing, that the need for financing in 1955 was great indeed. Companies spent more than \$24,000,000,000 on plant and equipment, some \$2,000,000,000 more than in 1954.

So where did business get the needed funds? The bulk by far, came from its own inner resources—earnings and depreciation allowances.

Retained earnings in the first half of last year amounted to \$4,700,000,000. On that basis, for the year as a whole they totaled well over \$9,000,000,000. When the final figures are toted up, that will probably set a new high record.

And take depreciation allowances, a steadily increasing factor in meeting capital requirements. Last year they topped \$14,500,000,000, a jump of more than \$1,500,000,000 above the 1954 level.

Depreciation has bulked ever larger in corporate financial plans for several reasons. For one thing, the pressure of competition has forced constant additions to plant and equipment. Gross depreciable capital assets of non-financial corporations have soared to an astronomical \$302,000,000,000. The high volume of new expenditures in recent years has meant that, after allowance for write-offs on worn-out and obsolete facilities, gross assets have risen at an annual rate of \$20,000,000,000.

Under a "straight-line" depreciation, this increase in assets would boost depreciation allowances by more than \$750,000,000 a year. The actual increase, however, has been substantially greater. From 1950 through 1954 and into 1955, for instance, the government's fast amortization program allowed thousands of defense-supporting companies to write off their depreciation in five years.

*Facilities valued at more than \$30,000,000,000 were granted this rapid write-off privilege.*

The tax law of 1954 allowed all businesses to liberalize the basis on which they might depreciate capital assets acquired after January of that year. Previously, the straight-line method had required allowances to be spread evenly over the normal life of the asset; that might be twenty years or so. (*Italics mine—T.N.V.*)

There can be little doubt that the tax swindle law of 1954, the major accomplishment of the Eisenhower Administration, has contributed in no small way to the recent boom. The acceleration of the consumption of capital, however, does not in the long run eliminate the business cycle. If anything, it tends to aggravate the business cycle, for one must never forget that the basic law of motion of capitalist economy is Marx's general law of capitalist accumulation: the greater the increase in capital accumulation, the greater the increase in the industrial reserve army.

We have analyzed for some years now, how the Permanent War Economy has tended to offset and to transform Marx's general law of capitalist accumulation into one which reflects itself primarily in a relative decline in the standard of living of the working class. This, however, does not mean that the capitalist economy is either crisis-free or unemployment-free.

What these trends do, of course, is merely to reinforce a fundamental capitalist trend toward increasing monopoly. As Marx has pointed out, capitalism constantly strives in the direction of reaching the ultimate goal of one monopoly capitalist, but never, of course, quite reaches that exalted state of affairs.

In this connection it is interesting to note that now that the Democrats

are in control of the committees of the Congress, the trend toward monopoly is receiving more publicity than previously. In a report published in *The New York Times* of December 27, 1955, we find that the sub-committee of the House Judiciary Committee investigating the question of monopoly—a committee headed by Representative Celler—agreed unanimously that "mergers were reaching a record for 25 years." The Democrats, of course, blame the Republicans for this development, and the Republicans refuse to accept this responsibility.

According to this report, since January, 1951, more than 3,000 companies in manufacturing, mining, trade and services have "disappeared in the swelling merger tide."

It is true, of course, that the current wave of mergers is on an exceedingly large scale, and that it already has had the effect of confining the fantastic profits of the past few years to the largest corporations.

We must remember, however, in any analysis of the economy that these developments are taking place under a new stage of capitalism, one which we have described as the Permanent War Economy.

THE MAGNITUDE of this third sector of the economy, *i.e.*, outlays for the means of destruction as contrasted with outlays for the means of production or outlays for the means of consumption, is dramatically illustrated by a recent report of the Department of Defense, entitled "Real and Personal Property as of December 31, 1954." We find that as of this date "the aggregate value of properties and inventories included in this report amounts to \$123.9 billion for the Department of Defense." This grand total is comprised of \$34,082,000,000 for the Department of the Army; \$56,428,000,-

000 for the Department of the Navy (including the Marine Corps); and \$33,356,000,000 for the Department of the Air Force.

Major equipment in use for the entire armed forces totals \$48,539,000,000, over 60 per cent of which belongs to the Navy. Equipment and supplies in the supply system account for a slightly larger figure, exceeding \$50 billion, and more than \$21 billion is in real property inventories, with almost \$3 billion in machine tool inventories.

As The New York Times comments editorially on this report in its issue of October 31, 1955: "An inventory of our national defense system brings up the astonishing figure of \$124 billion as the current level of our military assets. This, of course, is still not the total figure. It does not include the atomic energy establishments, nor by any means all of the military materials now in use."

It is, however, a staggering figure and the question logically arises, suppose that the Permanent War Economy did not exist and that instead of \$124 billion of real and personal property belonging to the Department of Defense, the figure were only 10 per cent of this amount, what then? So far as the business cycle is concerned, the postwar prosperity would have ended quite some time ago.

It is worth trying to get some perspective on the extent of the military establishment and the nature of the investment that comprises the third sector of the economy, outlays for the means of destruction.

We find, for example, the extent of the acreage controlled is vast. To quote the report: "The Department of Defense through the three military departments controlled a total of 29.4 million acres of land throughout the

world on 1 January, 1955. This included land owned, leased, used on temporary permit, and various occupancy rights."

In the United States alone, the acreage controlled totaled 24,172,739 acres, costing the government over \$17.5 billion and representing about 37,800 square miles, equivalent to 1.3 per cent of total land area in continental United States.

The almost \$3 billion inventory of machine tools, which admittedly is far from a complete tally, represents 2,494,363 metal cutting tools and 388,768 metal forming tools. If the military establishments had ordered only, say, 10 per cent of this quantity, what would be the situation in the machine tool industries today? Much the same question can be asked with reference to the more than \$50 billion in inventories in the supply system throughout the entire armed forces.

The size and extent of the military establishment of American capitalist imperialism is so vast that it is difficult to appreciate its precise economic and political weight. The virtual interlocking directorate that has been established between the leaders of big business and the leaders of the military establishment is, however, a fact. It could not exist without the development of the Permanent War Economy and its mere existence and continuation have caused a qualitative change in the nature and functioning of the business cycle.

Of course, the direct investment in the establishments of the Department of Defense is not the sole measure of the importance of war outlays in the total economy. To this must be added the expenditures that are made for foreign aid, both military assistance and economic and technical assistance.

In a very interesting article in The

New York Times of December 1, 1955, James Reston analyzes the dispute that has taken place between the advocates of a flexible and limited program and the advocates of a permanent commitment to this type of program.

As Reston puts it, the "Young Turks" (represented by such stalwart Eisenhower Republicans as Stassen, Nelson Rockefeller and Nixon): "are

enthusiastic about the foreign aid program, want it to be larger, think it is a good thing in itself, good for the United States, and good for the development of a healthy world economy, which helps the United States." (My italics—T.N.V.)

In the course of this article Reston supplies some convenient summary figures on the expenditures for foreign aid, as follows:

EXPENDITURES FOR FOREIGN AID  
(in millions of dollars)

Fiscal Year	Military Assistance	Economic and Technical Assistance	Total
1950	\$ 51.5	\$ 3,437.2	\$ 3,488.7
1951	933.6	2,802.2	3,735.8
1952	2,384.4	2,147.8	4,532.2
1953	3,956.1	1,766.6	5,722.7
1954	3,627.1	1,246.9	4,874.0
1955	2,292.6	1,973.1	4,265.7
1956 (projected)	2,585.8	1,801.4	4,387.2
Total	\$15,831.1	\$15,175.2	\$31,006.3

It will be seen that over \$31 billion will have been spent for this purpose in a seven-year period. Again, we are dealing with a type of economic outlay which was unknown before the advent of the Permanent War Economy and one which is quantitatively not insignificant—either in its economic or political impact.

THE ESTABLISHMENT OF PRODUCTION of means of destruction as a significant sector of the economy, both quantitatively and qualitatively, has necessarily altered many of the fundamental laws of motion of capitalism. It has not, however, transformed capitalism into a system capable of producing permanent peace and prosperity. It has not eliminated the class struggle either nationally or internationally. It has not eliminated the need for a socialist organization of society. On the contrary.

Despite the inflationary boom that has taken place during the past 18

months or so—let us admit that its size and extent have amazed us at least as much as it has amazed the leaders of the bourgeoisie—the process of atrophy that we have described repeatedly during the past several years remains at work.

Government intervention in its manifold forms may possibly reduce what otherwise would perhaps be a level of unemployment of 10 million to one of 5 million (in a period of recession under the Permanent War Economy, which is in the process of developing) but it is entirely possible that the political impact of an unemployment level of five million in an economy so highly geared as the present, may have far more serious consequences for the class struggle than 10 million did in the 1930s.

To put the matter another way, when the ratio of war outlays to total production declines, we find that the hypodermic effect of these injections into the economy is considerably

more weakened than the mere recital of the figures would lend one to believe. It is, to use the metaphor of the drug addict, a case where a constantly increasing dosage is required to achieve the same effect, so that when a period arrives when the dosage is decreased the effects on the patient are startling.

To say that the recent boom has been purely a peacetime boom, without benefit of war outlays, as do many of the advocates of the "permanent peace and prosperity" school, is to fly in the face of facts. The ratio of war outlays to total production has undoubtedly declined somewhat in the last few years (the detailed computations and their analysis must await another article) but they still remain well above the 10 per cent level which we originally established as the significant dividing line.

A precarious economic equilibrium has been achieved both domestically and internationally. The extent of the precariousness is about to be revealed. Despite the very sizable production increases of the past 18 months, factory employment is still below 1953's highs, thereby revealing that the boomlets must necessarily be short-lived.

Had not the Korean war intervened, the present measures of state intervention would long ago have been revealed as inadequate to achieve any type of capitalist stabilization. The forces of production are on the verge of breaking through their capitalist integument. The development of atomic power will require socialism. That is the true measure of the profound social crisis that exists in a very real sense throughout capitalist society today. That is why this feeling of *malaise* penetrates all sections of the bourgeoisie from the most prosperous to the least. They know

that this prosperity is, above all, temporary.

The precarious equilibrium of the domestic economy, in turn, rests upon an equally precarious international equilibrium. So long as this relative balance of forces is maintained between Stalinist and American imperialism, and so long as the fear of total destruction operates to restrain an immediate resort to military adventures, the precarious equilibria, both internationally and domestically, can continue. This, however, is clearly a very limited situation.

An interesting document in this connection is a study prepared for the Joint Committee on the Economic Report by the Legislative Reference Service of the Library of Congress. It is entitled, *Trends In Economic Growth, A Comparison of the Western Powers and the Soviet Bloc*, and was published in 1955.

It is not necessary to go beyond two of the important conclusions to realize that the international equilibrium is indeed temporary and precarious.

In connection with power, which after all is crucial, the report states: "Atomic power, if it were to be systematically developed by either Western Europe or the Soviet Bloc at relatively low cost, could alter the economic balance between the two areas quickly." Since both sides are feverishly straining to develop atomic power, how long will it be before one or the other succeeds in obtaining this relative advantage which would immediately upset the precarious equilibrium?

So far as the growth of the respective economies is concerned, the report states that: "In the period 1938-1953, as a whole, the national product of the United States increased about three times as rapidly as that of independent Europe, and almost twice as

rapidly as that of the Soviet Union. To a substantial degree, this difference reflects the varying effects of World War II. Between 1948 and 1953 the national product of the United States grew not quite 30 per cent faster than that of independent Europe and *only two-thirds as fast as that of the Soviet Union.*" (My italics—T.N.V.) In other words, in the real postwar period the economy of the Soviet Union has been outstripping that of the United States in a ratio of 3 to 2.

No wonder the inheritors of Stalin's empire prefer a period of "competitive coexistence," for even if we assume that American output today, and the strength of America and its allies in general, is twice that of the Soviet Union, or of the Soviet Union and its allies, it would take less than 10 years—assuming that the Soviet Union maintains its relative advantage of an annual increase that exceeds that of the United States by a ratio of 3 to 2 for the Russian economy to surpass that of the United States. At the present respective rates of increase, even without the inevitable recession in the United States, it would take less than a decade for the balance of power to be radically altered.

Once the precarious international equilibrium is basically changed, then the domestic equilibrium, if it has not already been upset, will surely be destroyed.

It is entirely possible that the productivity of labor under Stalinism does not have to equal the productivity of labor under capitalism before the former has achieved military-economic supremacy over the latter. We do not, however, have to speculate about these matters. It is sufficient merely to postulate that the international equilibrium is precarious and

necessarily short-lived. This, whether they admit it or not, destroys a fundamental postulate of the advocates of the "permanent peace and prosperity" school, for what they are really saying is that internationally the power blocs constituting Stalinist imperialism on the one hand, and American and allied imperialism on the other hand, can continue indefinitely their huge level of armaments.

It is true, of course, that both Stalinism and capitalism require each other in order to exist. This is one of the paradoxes and contradictions of the present world situation. While the prospects of a resolution of this cosmic paradox may not seem too bright at this time, that they should not cause any elation in the camp of the "permanent peace and prosperity" school. There is no peace. And the prosperity of American capitalism is built on quicksand, as the future will demonstrate.

T. N. VANCE

January, 1956.

**Subscribe now to  
LABOR ACTION**

114 West 14th Street  
New York 11, N. Y.

Rate: \$2.00 per year

**Now Available**

**BOUND VOLUME**  
(Completely Indexed)

1953-54  
6 dollars

4 dollars per volume

Order from

**Labor Action Book Service**  
114 West 14 Street, New York City



# Moscow in Lenin's Days: 1920-21

## CHAPTER XVIII—The Anarchists Death and Funeral Rites for Kropotkin

The Russian anarchists were divided into several groups and tendencies—divisions which the war had sharpened—from the communist anarchists to the individualists as was the case in all countries but more so here than elsewhere. Victor Serge who knew them well pointed this out in articles he devoted to them. In June 1920, when I arrived in Moscow, one of these groups, anarchists-universalists, had the use of huge premises on top of the Tverskaya where they had headquarters and held their meetings. I didn't know any of them but I was very well acquainted with Alexander Schapiro, a member of a group of anarcho-syndicalists, whom I had seen several times in London in 1913 at the international Syndicalist congress. At the time, he lived in London and had contact with *La Vie Ouvrière*. I went to see him at his group's office, *The Voice of Labor*, a store near the Grand Theater. Like most anarchists, he and his friends concentrated most of their energy on publishing. They owned a small press with which they printed a bulletin and brochures, and sometimes even a book. He sent me several copies of brochures they had just published—works of Pelloutier, Bakunin, George Yvetot. They were anxious to publish the Russian edition of *The History of Work Shops* by Pelloutier, but the means at their disposal were meager and the paper failed.

Schapiro was especially well informed on world affairs since he was working for the Ministry of Foreign Affairs under Chicherin. In the com-

missariat he used to see and translate dispatches. He asked me for information on the trade union movement in France and his friends in it. Naturally, we spoke of the Soviet regime. He didn't approve of it at all. His criticisms were many and serious but he presented them without bitterness, and he concluded that you could and ought to work with the Soviets. One of his comrades present was more bitter. He was angered at the stupid way, in his opinion, in which the Bolsheviks conducted themselves in the countryside. But he came to the same conclusion. We arranged for a meeting to examine their problems, relations with the regime, especially with the Communist Party, and the conditions under which it would be possible for them to carry on their work. The issues were clearly and frankly defined on both sides.

Our conversations had been so friendly and the solution appeared so simple that one could draw the conclusion that the problem was already resolved. There had been among the anarchists differing attitudes toward the regime corresponding to the diverse tendencies from those who fought communism and the regime by assassination and the bomb to those who had rallied to Bolshevism and joined the Communist Party—among these were Alfa, Bianqui, Krasnotcheko. Others held positions of great importance—like Bill Shatoff who returned from America and worked on the Soviet railroads. In the work of reconstruction, ability and devotion found a place everywhere. An anarchist at the head of an enterprise had enormous scope and a large degree of independence: the central power allowed initiative free play,

well satisfied with efficiently conducted establishments. The anarchist syndicalists knew that but they wanted something more: the recognition of their group and the guarantee of being able to continue and expand their publishing work. At the end of our conversation we agreed that they would publish a declaration in which their attitude toward the regime and their demands would be set down in precise form, and I would submit it to the Executive Committee of the Communist International.

I had undertaken these negotiations on my own initiative; when I told Trotsky what I had done, he voiced his satisfaction and enthusiastically urged me to continue my efforts to reach an agreement. I was very confident and happy at the thought of an understanding which would have salutary effects for the syndicalist movement in all countries. But nobody came to the meeting. At the appointed hour a telephone call informed me that Schapiro and his friend would not come. It was Sascha Kropotkin on the phone and she said no more. Why was she entrusted with this mission? I had never known or seen her. It is not too difficult to imagine what had occurred. In the discussion different points of view and tendencies had come into conflict: Kropotkin's closest friends had special grievances, with some basis, and the most narrow-minded, carping and vindictive of them finally won out. It was a stupid decision since the anarchist-syndicalists had much less in common with the individualists than with the Bolsheviks. Those anarchists who in spite of everything were close to the Communists and who, in any case, understood that it was to their interests to assist zealously in Soviet construction having capitulated, could

no longer be distinguished from the individualists and other sects who preached relentless struggle against the regime. Their attitude deprived the revolution of valuable cooperation, but it harmed them more. In open struggle they were beaten in advance without gain to anybody.

KROPOTKIN DIED ON February 8, 1921. He had returned to Russia after the February revolution to give full support to the provisional government, to the weak regime of Kerensky augmented by Kornilov. For him it was the logical conclusion of the undivided adherence which he had given at the beginning of the world war to one of the imperialist groups, the Allies, who conducted a so-called war of justice against Prussian militarism. Only a small minority of anarchists had followed him in this strange evolution; the others led by Malatesta denounced Kropotkin and his followers as "government anarchists." Consistent with this position, or, perhaps too closely involved to escape from it, Kropotkin, while giving complete support to the provisional government and Kerensky's, declared himself as a firm opponent of the Soviet regime.

On this day, Guilbeaux had an appointment with Lenin in the Kremlin and suggested I accompany him. First he stated his personal business, then a general conversation began which immediately involved Kropotkin. Lenin spoke of him without acrimony; on the contrary, he praised his work on the French Revolution (published in France as *The Great Revolution*). Lenin told us "he depicted the role of the people in this revolution and understood it well. It was a pity that at the end of his life he sank into an unbelievable chauvinism."\*

As we were leaving Lenin asked us

reproachfully why we were not sending any articles to *L'Humanite* and turning to me he said: "Come see me sometimes; your French movement is defeatist and the information we have is often sketchy." I answered that I had already taken too much of Comrade Trotsky's time. "Well, you can have a little of mine, too."

KROPOTKIN'S BODY had been lying in state in the Great Hall of the Trade Unions—as had John Reed's—watched over by anarchists. The burial was set for the following Sunday. The night before, a secretary of the Communist International informed me that I had been chosen to speak in the name of the Communist International. This news seemed implausible to me and I called on Kobietsky. He confirmed the decision and when I remarked that a preliminary discussion, at least an exchange of views, seemed indispensable, he replied that it was considered unnecessary. He limited himself to saying: "We have confidence in you."

I was puzzled: what a delicate mission it was to speak in the name of the Communist International about a man against whom the Bolsheviks had carried on an unceasing struggle, who had, to the end, been an irreconcilable enemy of the Bolshevik Revolution. However, two considerations allowed me to see my task as less difficult than I had thought at first. I recalled the conversation with Lenin—truly providential—the time in which he had spoken of Kropotkin, his eulogy of the *Great Revolution*,

\*According to Sandomirsky—with whom, despite conflicting views, I maintained close relations to the end—Kropotkin, for love of France, was driven into the ranks of the Entente, then among the defenders of the February revolution, finally against the Bolsheviks and the October revolution. However, England gave him a candid welcome and a refuge where he could work in freedom while France had imprisoned him and then chased him out. But for him, France remained the land of liberty and the thought that it could be crushed under the Prussian boot was intolerable.

and also something which had surprised me at the beginning of my stay in Moscow. On an obelisk erected at the entrance to the gardens of the Kremlin you could read the names of the forerunners of communism, the defenders of the working class. I was struck by the "eclecticism" in the choice of names: The "utopians" were all there and amazingly enough, Plekhanov, too. The violent polemics and bitter disputes were no obstacles in recognizing the aid and contribution even of ideological opponents in the cause of human emancipation. Finally, I had one more example of such unforseen "tolerance" by the savage Bolsheviks. At the beginning of the October Revolution, revolutionary enthusiasm was manifested in every way and in all aspects of life especially painting and sculpture. The painters had occupied a part of Tverskaya in 1920. There were still to be seen plaques of great revolutionaries; Kropotkin's was in a conspicuous place near the Grand Theater.

Sunday afternoon a long funeral procession formed at the House of Trade Unions to accompany the body of the deceased to the Novodievitchi cemetery on the outskirts of the city. Black banners floated overhead and stirring songs followed one after the other. At the cemetery there was a brief but vivid incident during the first speeches. An anarchist from Petrograd had been speaking for some time when muffled and passionate protests, "enough, enough" were raised by Kropotkin's closest friends who would not tolerate on this day of mourning any remembrance of what most anarchists, if not all, were to consider his betrayal in 1914.\*

ALFRED ROSMER

\*Let us recall what Maletesta's attitude was toward Kropotkin to whom he was tied by more than 40 years of

Was this, perhaps, the moment to say anything? This was a question for the anarchists to settle as well as a warning for me if I tried to recall this critical period. But I had prepared my short speech from my personal recollections of Kropotkin's significance for my generation in Europe, America and everywhere on his important contribution to the theory of evolution through *Mutual Aid*, on

friendship. When he learned of Kropotkin's public adherence to the Triple Entente in the war, Maletesta wrote an article called "Have The Anarchists Forgotten Their Principles?" It appeared in November, 1914, in Italian, English and French in *Volonta, Freedom and Reveil*. A second article published in 1916 by *Freedom, "Government Anarchists"* was a reply to the "Manifesto of the Sixteen" (the 16 were Kropotkin and his followers). Maletesta wrote about the break which had become inevitable: "It was one of the most mournful, the most tragic moments of my life (and I can chance saying so of his, too) when after an utterly painful discussion we separated as opponents, almost as enemies."

the personality of *About a Life*—for whom one could have only a sincere affection. I spoke without any interruption although I felt that it was not received with wholehearted sympathy. Victor Serge wrote much later that it was a "conciliatory speech" from which the conclusion could be drawn that my words had a precise political meaning as if their content had been decided by the ECCI. It was clearly not the case but the fact remains that the opinion was not only his own; it was also the opinion of those who followed him.\*

\*In the Album dedicated to Kropotkin's funeral rites published in Berlin in 1922 by the Anarcho-Syndicalist Federation it is indicated that I spoke in the name of the Red International of Trade Unions. The editors could have believed, without doubt, that I had been selected by the Communist International, which my speech made clear.

Translated by W. M.

## Origins of Communism in U.S.—II

### Further Aspects of Formation of Communist Party

In our last issue, we indicated how differences on the war question provided the initial charge which overcame the inertia of militants remaining in the Socialist Party after the departure—forced and voluntary—of the syndicalist left following the party's 1912 convention. However, differences on the war alone could not have generated the powerful left wing which developed in the

Socialist Party between the time of America's entry into the war and the fall of 1919. Of even greater significance were the Russian revolutions of March and November, the revolution which swept over all Europe from 1918-1920, and the great class struggles at home immediately after the war.

The enthusiasm created among American socialists by the Russian and European revolutions had a less fortunate concomitant in accentuating romantic and ultra-revolutionary theories and activities which had always characterized the left wing in the United States; above all, views were encouraged which greatly obscured the strength and relationships of political and economic forces in the United States. This was due, in part,

Typographical error in the first install of this series (Fall 1955, p. 152): Mencken referred to Theodore Roosevelt as a "glorified bouncer," not "glorious banner."

to the changing national composition of the Socialist Party, which change, in turn, is also to be largely accounted for by the European revolution. The wave of revolution had swelled in the old world, promising to inundate all Europe. In the backwash of this flood, in the United States, thousands of immigrant workers, primarily from Southern and Eastern Europe, imbued with an understandable feeling of pride, self-confidence, militancy and aggressiveness, poured into the Socialist Party. By the end of 1919, of the 108,000 SP members, 57,000 (53 per cent) belonged to the foreign language federations. The number of foreign-born in the party must have been even higher than this, as many non-native socialists belonged to regular English-speaking branches of the organization.

The strength of the federations had more than doubled in the war years, with the greatest increases recorded by the Russian Federation. When first admitted to the party in 1915, this Federation had little more than the 500 minimum number required of a foreign-language group for party affiliation. It grew geometrically from 2,300 members at the end of 1918, to 7,800 four months later and in another four months there were additional thousands in the Federation.

These foreign federations became the backbone of the left wing. And the Russian Federation with its enormous membership, taking full advantage of its ability to appear as the true representative of the Bolsheviks—an appearance born more of language than politics—was the dominant force in the left wing.

### Was the Left Wing a "Foreign" Movement?

The influx of foreign-born into the party from 1918-1919 was *one* of the

reasons why the left wing tended to substitute conditions in Europe, at the time, for a balanced and realistic appraisal of class relations here. It is also but *one* of the reasons, and a minor one, why the socialist movement in this country has not maintained itself as a significant, organized force in American political life. Nevertheless, it is a factor which most historians writing on American socialism dwell upon with relish. To them, it is convincing evidence that revolutionary ideology is a foreign importation, alien to American life and doomed to disaster. It is true, that the revolutionary enthusiasm in the Socialist Party during this particular period was due, *in part*, to foreign developments. But revolutionary thought and action in the American labor movement are not restricted to the allegedly foreign-inspired ultra-revolutionary views of the pre-Communist left in the SP. The objectives and activities of entire sections of the labor movement from the 1880s up to and contemporaneous with the period under discussion, is a history of bitter class conflict, often carried on by *class conscious* (not merely job conscious) workers who were not always alienated or repelled by revolutionary ideology. When the American Railway Union was crushed by the power of government in the 1894 Pullman strike its leaders turned toward socialist politics not because they were dazzled by a foreign ideology, but due to a hatred born of bitter experiences for a social system and a government which had crushed their union. In 1901, the Western Federation of Miners adopted socialism into its program. This was not a response to a European stimulus, but the aftermath of years of struggle in which miners were forced to defend their lives and their union with rifles and dynamite

from the attacks of scab and militia. And in a dozen other major chapters in the history of American labor, when workers accepted the leadership and opinions of socially conscious radical leaders, it was not because they were immigrants feeding on events in their native land, for whatever views they might have had in the old country, their opposition to capitalism was initiated or confirmed by experiences here. The early struggles of the American working class carried on with fighting ardor were the product of purely American conditions—the class struggle—involving mainly English-speaking immigrants, assimilated foreign-born from Northern Europe and led by such men as Debs and Haywood who were as American as flapjacks and maple syrup.

When it suited their needs, American workers have erected barricades, organized their para-military defense corps and learned to tolerate, even accept, revolutionary social concepts as a result of their experiences. If American workers today seldom show a comparable mood, it cannot be ascribed to any inherent or permanent prejudice which distinguishes them from European workers. If the left wing of the Socialist Party failed—and it obviously did—it was not because it was revolutionary, foreign or foreign-inspired, but primarily because of external factors beyond its control in the United States and Europe which led to its isolation and degeneration.

THE CAUSE OF AMERICAN SOCIALISM was, nevertheless, handicapped by a disproportionate number of unassimilated foreign-born in the pre-communist left. As the driving force in an American left wing, but often drinking at the fount of the European revolution, it served to inflict on the left wing a political program and an at-

mosphere more fitting for a European than an American party. But, even here, we must be cautious in assessing the responsibility and sins of "foreignism" in the left wing. It was not only because so many of its supporters were aliens that the left wing adopted a host of ultra-revolutionary views. It was also operating in the tradition of old-fashioned American radicalism, in which revolutionary romanticism ran a steady utopian course. For example, the left wing of the SP was dedicated to the principles of revolutionary industrial unionism, opposed fighting for reforms, sneered at parliamentary activity and was later moved to a publicly proclaimed advocacy of violence as the only means of achieving a workers' republic. These views did not flow out of the ethnic composition of the left wing or the European revolution. Syndicalism and anti-reform were earmarks of the extreme left wing of the American labor movement for decades past. In the left wing of 1919 these views were reinforced, not sponsored, by the "non-American" elements.

The foreign-born who joined the Socialist Party during the war were, in their vast majority, proletarians. This marked a complete change in the social character of the party. In 1910, 71 per cent of the Socialist Party was native born. Less than a decade later, the party with two and a half times the membership had a majority of foreign born. The earlier figure is evidence of the non-proletarian composition of the party, which at the time had only 20 per cent who were unskilled workers, and an almost equal percentage of farmers. It was in the nature of things that any party which aimed to be the party of the most oppressed sections of the proletariat would have a large foreign-born membership, since the industrial

working class had been recruited from recent waves of immigrants. This produced the following paradox: the 1919 Socialist Party with its large foreign born membership was closer to an American party of the proletariat than the 1910 organization with its preponderantly native-born adherents.

Undoubtedly, the revolutions in Russia, Hungary, Germany, etc., instilled in many an immigrant not only a profound pride but a sense of belonging to history, even though in a strange country. Emotional attachments to the land of one's birth are not easily broken and foreign-born here shared in the joy and heartbreaks of the European working class which was to overthrow all the powerful monarchies of Europe and in many lands were embattled in the struggle for socialist emancipation. Many immigrant workers here, though, more than sympathized with the European working class. There was also a longing to return to the old country, derived partially of enthusiasm for the turn of events in Europe, but no less born of disgust with their lot in this country. America's declaration of war was followed by a wave of chauvinism from which foreign-born could not escape victimization. The bourgeoisie and its government, its propaganda, wealth and patriotic societies and hypocrisies, struck out at "foreign agitators" and non-conformists, real and imagined, with unprecedented ruthlessness. When the war ended, the reaction, instead of ebbing, was intensified. Foreign workers who might have seen an opportunity before the war to raise their status by conforming were more than ever alienated from society. That many of them would become receptive to militant socialist propaganda was only a normal consequence of conditions in

America and further guaranteed given the rising tide of revolution in Europe. Here, too, then, we must reject the mean implications of those who insinuate or openly indict socialism as an alien movement, either before, during or after the period under discussion. Immigrants have always played an important part in American life. How could it be otherwise in this "melting pot"? In the labor movement, they have played different and conflicting roles, sometimes serving as a conservatizing force, at other times as a radicalizing agency, but at all times reacting in a manner revealing and indicative of American life.

IF THE LEFT WING was a foreign movement because it viewed the United States through European glasses, what can one say for the rest of society? For it was not only the radical wing of the American working class which was profoundly affected by the European revolution. All movements and all classes were moved to extremes of political passion as the spectre of revolution grew from a spook to full bodied and tangible proportions. It was a horrible vision to some, glorious to others and caused no small degree of anguish to the many who were maddeningly confused by the revolution's complexity and demands of allegiance. Above all, the American bourgeoisie suffered acute panic in the face of European revolution. Its delusions of the internal menace of bolshevism was as Russian-inspired as the grand images of the coming American revolution seen by the left wing. If this shows that the left wing was living in Europe, it no less proves that the bourgeoisie had psychologically set up camp there—along with everyone else: liberals, the official labor movement, patriotic societies, the press, radical unions, etc.

Above all, the American businessman and the press responded to events in Russia with an attentiveness that rivaled that of the radicals. When news of the February revolution reached the United States, businessmen did not panic. Their fears that the new liberal Russian regime might conclude a separate peace with Germany on whom we were about to declare war were considerably allayed by persistent reports that the new regime was not going to renege on any of its obligations to its allies—a commitment whose sincerity was soon to be proved by the Russian dead piled high in a futile offensive. Their fears were most assuaged, however, when they took a long hard economic stare at the new regime which truly stirred the liberal imagination of more than one Yankee businessman. Before the war it was France which had heavily invested capital in autocratic Russia. But France could only come out of the war crippled, with nothing further to invest, and without a friendly Russian court to protect its interests. The prospects for American capital investment seemed bright and businessmen were not dismayed to hear the Russian Ambassador, Bakhmatieff, inform them that Russia looked forward to American investment. And their indignation over the indignities imposed on the Russian people by the czar must have grown to holy proportions when Miliukoff announced that nothing now stood in the way of a "new commercial treaty between Russia and the United States."

The possibilities in Russia for American capital had already been noted by Samuel McRoberts, executive manager of the National City Bank and a "prominent expert" on Russia:

Within the borders of Russia are  
Winter 1955-56

found all the natural resources that are essential to modern civilization. It has very large known deposits of iron, coal, oil, copper and precious metals. . . . To gain a full conception of the opportunities afforded for American capital in Russia it is necessary to compare Russia, not with the United States, at this time, but with the United States at the close of the Civil War.

As the revolution developed in Russia, and from Russia to Germany, Hungary, Finland, Italy, etc., the dollar sign which had beguiled the businessman when the moderates were in power in Russia, was now replaced by the hammer and sickle. Not only were possibilities for unlimited investment in Russia foiled, but capitalism itself was under siege in all Europe. Moved by a fear of the revolution in Europe, seeing its portent even in the United States, the American businessman through his patriotic societies—the National Security League, the American Defense Society, the Navy League—financed an enormous Hate-Russia campaign.

It was in the bilious prose of the press that the businessman's anti-socialist hysteria found its most lurid echo. According to the *Washington Post*, the Bolsheviks were "assassins and madmen . . . human scum." The *New York Tribune* denounced Lenin as a "new Czar" who "spent German money to induce Russia to betray loyal allies and to scuttle from the defense of civilization." The *New York Sun* cast its light beam as follows: "The noose yearns for the crime made leaders of Red Bolshevism for more reasons than one." One orgiastic minded fellow writing an editorial in the *New York Herald* raved: "Bolshevism, drunk from its saturnalia of crime in Russia, has staggered into America to loose its base passions upon a progressive civilization and de-

stroy it. The beast has entered the gate. . . ."

Thus, bourgeois fears and socialist hopes were both nourished by revolution in Europe. The logical extension of the premises on which the left wing has so commonly been adjudged a foreign movement could only lead to the conclusion that in 1919 a real American, along with the buffalo, belonged to an extinct species.

### **The Effect of the Russian Revolution on the SP**

THE RUSSIAN REVOLUTION naturally found its most fervent support in the Socialist Party. But the popular socialist press did not always provide accurate information, and its analysis often varied from the uninspired to the incorrect. In May, 1917, the *Call* referred to Lenin as "the fanatic (but not German paid) advocate of immediate separate peace." Another editorial from the same socialist publication offered this mish-mash:

The Social-Democracy, however, is divided into the Mensheviki and the Bolsheviks, or Minority and Majority faction, which factions differed upon the question of participation in Duma elections. The Mensheviki, or Lenine faction, did not unite with the rest of the Socialists in this election; but it is becoming more and more apparent that they are nothing but a factious group of dissenters, with strong anarchist, anti-political tendencies.

Matters were admittedly impossibly confusing to the *Call* editorialist at the time of the Bolshevik-led revolution:

The spectacle that Russia presents now, from a sociological standpoint, is difficult, though understandable. From the standpoint of pacifism, however, it is utterly incomprehensible.

Although the Bolshevik revolution was "incomprehensible" to many SPers at the time, and Lenin was de-

scribed as a Menshevik leader with anarchist tendencies, the Socialist Party as a whole was swept along by the second stage of the Russian revolution. The party leadership's misgivings over Lenin and his "factious group of dissenters" had been concocted of plain ignorance and, despite the St. Louis Resolution, an inbred conservatism. The leadership equivocated, but support of the Bolsheviks—in Russia—was not withheld for long. At any rate the ranks of the party were far ahead of the leadership in their support of the Bolshevik revolution and would not have tolerated any excessive criticism, not to speak of denunciation. It would be unfair, however, to attribute purely opportunistic motives to the leadership; the imagination of the party bureaucracy had also been stirred by the revolution though more slowly, just as it had been moved out of its conservative orbit by the rampage of militarism and chauvinism. The support to the Bolsheviks given by a wide section of the party's moderate leadership was to persist for years. Two years after the party split of 1919, Hillquit wrote in his *From Marx to Lenin*:

The Russian revolution has taken possession of the government in the name of the workers. It has effectively expropriated the private capitalist owners and has nationalized the greater part of the industries. It has also written into its program the socialization of the land. Measured by all practical tests, it is therefore a Socialist revolution in character as well as intent.

While the Russian revolution helped revive the flagging spirits of the Socialist Party, it was also used by many as the basis for compromising its opposition to the war as stated in the St. Louis Resolution. In the previous issue of the NI we explained why the moderate party leadership

could support this militant anti-war resolution, although never completely happy with it. But support of the dictatorship of the proletariat in Russia prompted a substantial section of party leaders to support the war. To defend the Russian working class it was necessary to defeat Germany! And to defeat Germany, it was necessary to render assistance to the United States. This argument became particularly common in the party after Russia's forced submission to German imperialism. At Brest-Litovsk, Germany had robbed socialist Russia of vast stretches of territory. Even this did not satisfy the German General Staff who, in violation of the treaty, continued its physical assaults on recognized Russian territory. Under these new conditions, Algernon Lee, one of those who drew up the St. Louis Resolution, felt no compunction about heading the vote of New York socialists on the Board of Aldermen, for Liberty Bonds. At the state convention of Illinois socialists held in May, 1918, a move to support the war in order to defeat Germany, defend Russia and advance Wilson's peace program, was narrowly defeated 31-27. A month later, a similar motion was passed by a convention of Massachusetts socialists, 72-46. By the spring of 1918, perhaps one half of the party's national leadership had, to one degree or another, placed themselves in the Allied war camp.

The situation in the party had become hopelessly confusing. While most of the moderates, with the rationalization of defending Russia, moved closer to the war camp, it was not true of *all* party conservatives. The most extreme right wing leader in the party, and next to Hillquit and Debs, the most influential party personality, was Victor Berger. Berger, who prior to American intervention

advocated a military draft and heaped abuse on those who upheld the view that the working class had no fatherland, ran for re-election to Congress on a program calling for the withdrawal of American troops from France at the same time that New York socialists supported the third Liberty Loan. His support of the Russian revolution was tepid at most while his criticisms of the Bolsheviks were frequent. Thus, his politically conservative and cautious "endorsement" of the revolution could not inspire a retreat from an anti-war position, however superficial and opportunistic, unlike his more radical colleagues. To add to the political chaos in the party, Louis Boudin, who was still on the editorial board of the major left-wing publication, *The Class Struggle*, introduced a resolution at an important New York party conference in the spring of 1918, specifically designed to repudiate Berger's anti-war stand. The resolution stated that "In view of the present international situation, we deem all demands for a withdrawal by the United States of its armed forces from Europe at the present time as not in consonance with the principles of international socialism. . . ." The resolution was voted down.

### **The Effect of Wilson on Left and Right**

It was not only the party moderates who shifted from an anti-war position. There were men more closely identified with the left wing who also abandoned a principled opposition to imperialist war. Max Eastman and Floyd Dell, for example, while on trial for the anti-war stand of their suppressed *Masses* changed their views in the middle of the trial, not out of cowardice, but because of their desire to defend Russia. It was not the Rus-

sian revolution alone which inspired or provided a rationalization for this retreat, but the revolution combined with the Wilson peace program, one that was unique among all the avowed political objectives of Allied statesmen. Eastman, in particular, had become a Wilsonian Bolshevik. In the first issue of the *Liberator* which he edited, he accomplished the acrobatic feat of praising the Bolsheviks for dissolving the Constituent Assembly in one editorial while in another article, he purred contentedly over the idealistic mouthings of Woodrow Wilson\* — the president whose administration at the time was embarking on an all-out campaign to crush the socialist movement in the United States.

To defend the Bolsheviks, the vanguard of proletarian revolution, and to be bemused by Wilson, the arch-enemy of socialism, is ridiculous perhaps only in retrospect. Hindsight gives rise to an all too easy wisdom which can obscure the complexities of the past. For a revolutionary socialist to have supported Wilson during the war was wrong, and most left wingers did not fall victim to his sanctimonious blandishments. However, not all the socialists, left wingers included, and thousands of unaffiliated radicals disoriented by Wilson's platitudes, were charlatans or scoundrels.

The fact is that the Wilson administration's attitude toward the Rus-

\*Example of Eastman's pro-Bolshevism: And on this day, January 20, the Marxian premier, Lenine, has suspended and dismissed the democratic parliament as a "relic of Bourgeois society," and declared Russia to be a Socialist republic in which the Congress of delegates from Worker's, Soldier's and Peasant's Unions is the sovereign power. Thus comes into actual existence that "industrial parliament"—the crowning and extreme hope of the Socialist dream-theory.

Example of Eastman's pro-Wilson position: As an international socialist I welcomed President Wilson's "Program of the World's Peace" in his message to Congress of January 8 (1918). It seemed an earnest approach to a basis upon which peace negotiations could be demanded by the peoples not of the allied countries only, but of Germany and Austria, too.

sian revolution was unique among that of all the allied powers. Barely a month after the czar was overthrown, Congress acceded to Wilson's appeal for a declaration of war against Germany. The Russian revolution was, no doubt, a factor in Wilson's calculations. Under the czar, the Russian army had suffered one disastrous defeat after another. Rumor was rife of Russian court intrigues aiming at a separate peace with Germany. With the czar deposed and the emergence of what appeared to be a liberal and popular regime, Wilson saw the possibility of a more effective military ally. And, at home, the collapse of Russian autocracy greatly enhanced the political preparations for war. Before March, plans for a holy crusade against Kaiserism were propagandistically weakened by an implied alliance with Europe's greatest despotism—czarism. The revolution resolved this dilemma. Wilson could now add to his crusade a defense of Russia's newfound freedom, which cleared the way for support of his war program among Jewish elements and among radicals and liberals who could not see their way clear to endorsing an alliance with the pogromist czar, certainly not with an easy conscience. In his speech to Congress on April 2, asking for a declaration of war, Wilson took full political advantage of the March revolution:

Does not every American feel that assurance has been added to our hope for the future peace of the world by the wonderful and heartening things that have been happening within the last few weeks in Russia . . . it [the Russian autocracy] has been shaken off and the great, generous Russian people have been added in all their naive majesty and might to the forces that are fighting for freedom in the world, for justice, and for peace. Here is a fit partner for a League of Honor.

The attitude of Wilson toward the

Russian revolution even as it developed immediately after November, was singular as compared to that of Allied leaders in Europe or bourgeois propaganda here. Clemenceau, for example, favored armed intervention against the Bolsheviks immediately after the November revolution. Wilson, however, maintained a position toward the Russians that was somewhere between neutrality and outwardly restrained friendliness. Wilson's peace program, his famous Fourteen Points, formulated after the Bolsheviks came to power, declared against foreign interference in Russia's internal affairs, for a withdrawal of all foreign troops there, and a promise to respect her national sovereignty. In the early months of 1918, when the interventionist mood among allied powers already reached uncontrollable proportions, Wilson continued in his opposition to armed intervention. France and England had urged him to endorse a projected landing, eventually executed, of Japanese troops in Siberia. Wilson wavered but his State Department finally sent a note of protest over the plan to the Japanese and Allied governments which observed

. . . that the whole action might play into the hands of the enemies of Russia, particularly of the Russian revolution, for which the government of the United States has the greatest sympathy, in spite of all the unhappiness and misfortunes which for the time being spring out of it.

As it turned out, Wilson had feared Japan's imperial ambitions in Russia more than he feared the holding power of the Bolsheviks. He also hoped to reach a working arrangement with the Soviet government which would permit the reconstituting of an Eastern front against Germany in a manner acceptable to allied imperialism. In

any case, Wilson could afford a softer policy against the Bolsheviks than his European allies. The appeal to and reliance of the Bolsheviks for support on the world working class carried with it a far greater threat to the European ruling class than to American capitalism.

Wilson's professed considerations for the Russian people were to be proved as fickle as his allegiance to the Fourteen Points. Three months after the above quoted State Department protest, the president approved the landing of 4,000 American troops in Archangel. The Soviet government had made it clear that it would not be a military pawn of Allied imperialism, the Bolsheviks had been in power for nearly a year, and the American press spearheaded an anti-red campaign of hysterical proportions which Wilson had no reason to resist.

Whatever deceit there was in Wilson's initial tolerance of the Soviet government, his liberal attitude appeared to be the voice of reason itself to thousands who could not be unimpressed by the contrast of Wilson's approach with that of European diplomats and American hate-mongers.

Wilsonianism as a divisive force in the socialist movement, however, was dissipated by America's eventual intervention in Russia; and following the president's performance at Versailles in 1919, his stock fell to a new low not only among socialists, but in the liberal world as well.

WITH THE CONCLUSION of European hostilities, differences in the party engendered by it were not decelerated. The *record* of the party on the war was no less serious a contentious matter. More important, however, in 1919 as a divisive force between right and left was the attitude toward the Bolsheviks, the European revolution and

the Third International. It was not only what the right wing said or did which aroused the leftists; it was what they did not do. That the differences were not always apparent and could give an impression of hair splitting was recognized by the left wing leader, Ludwig Lore, when he wrote just one month before the split in the party:

The political sins of the American "Right Wing" have been sins of omission rather than of commission. Its great fault lay in its failure to act at a time when action meant life and growth in the party, in failing to crystallize the tremendous anti-war sentiment that existed in the country at the time of our entrance in the European war into a great mass movement for political and economic liberation. It adopted a radical platform at the St. Louis convention, and failed, miserably, to live up to its tenets.

The "sins" of omission the left wingers had in mind were more than the party record on the war. We made the point that all wings of the party declared their allegiance to the Soviet government. But there were different degrees of enthusiasm, which differences grew in importance as the revolution spread in Europe and civil war continued in Russia. When the Bolsheviks assumed power the left wing elements immediately hailed it while in the right wing press there was a significant time lapse during which it was less committal. It was not until rank and file sentiment was demonstrably clear that the party leadership continued in its support to the Russian revolution. When the Soviet government dissolved the superfluous Constituent Assembly, the left wingers defended its action while the right wing was obviously embarrassed. When the Allied governments made clear their plans to intervene in Russia, the left wing and the party membership as a whole raised their voices in a furious protest while the party

leadership was noticeably more reserved at first in its statesmanlike criticisms.

In another period different degrees of enthusiasm over events in Europe could hardly cause an unbridgeable gulf in a socialist party in the U. S. But this was 1919, the year of great hope for the world working class, and divisions within the Socialist Party of America can only be understood in the light of cleavages in the world socialist movement at a time when differences in "tactics" or "dogma" could and did mean the difference between victory and defeat for world socialism.

Though the left wing exaggerated the conservatism of the right it is no less true that one could get a false picture of the Socialist Party leadership if it were judged solely by its propaganda. Many of the articles and statements in the official party press at times seem to have come right out of *Class Struggle* or *Revolutionary Age*. Early in 1919, for example, Morris Hillquit wrote:

In countries like Germany, in which the struggle for mastery lies between two divisions of the socialist movement, one class-conscious and the other opportunist, one radical and the other temporizing, the support of the Socialist International must . . . go to the former.

In an obvious reference to the European social-democrats' dogmatic criticism of the Bolsheviks for attempting to organize a socialist revolution in a backward country, not economically prepared for it, Hillquit had the following to say:

Shall the socialization of industries and national life be attempted by one master stroke, or shall it be carried out gradually and slowly? Shall the working-class immediately assume the sole direction of the government as a working-class government, or shall it share government power and responsibilities with the capitalist class at least "during the period of transition"?

While the question involved is one primarily of power, to be determined in each country according to the conditions existing at the critical moment, there can be no doubt about the stand which the Socialist International must take on it.

In all cases in which the proletariat of a country in revolution has assumed the reins of government as a pure working-class government, determined upon the immediate socialization of the country, true Socialists of all countries will support it. Whether we approve or disapprove of all the methods by which such proletarian government has gained or is exercising its power, is beside the question. Each revolution develops its own methods, fashioning them from the elements of the inexorable necessities of the case.

One would imagine from these statements by the party's leading political spokesman that the party would declare its fidelity to the Third International. In fact, though, two months before these remarks, the SP had handpicked three representatives to attend the Berne Conference which was to reconstitute the Second International! And while the Berne Conference was in Hillquit's opinion proven "hopelessly backward and totally sterile," it still did not move him to endorse the Third International. This was typical of the gap between the radical word (not always so radical) and the more conservative deed of the party. During the war it was the St. Louis Resolution and party leaders voting for Liberty Loans; later it was defend the proletarian governments from the attacks of the social democrats but send representatives to the Berne Conference; now it was criticize the Berne Conference but no unambiguous support to the Third International. And while Hillquit was energetically defending the "radicals" against the "temporizers" in Europe, his National Executive Committee colleague and fellow lawyer, Seymour Stedman, was attacking the

left wing "radicals" in a bourgeois court in the United States. In an effort to persuade the Appeals Court that five leading Chicago socialists, Berger, Kruse, Engdahl, Tucker and Germer, indicted for violation of the Espionage Law were respectable citizens, Stedman's brief argued:

We are witnessing in this country a violent break along that line of cleavage, along what is known as the left wing and the other members of the Socialist Party. Mr. Berger and his associates are seeking to preserve the integrity of the Socialist Party—are trying to defend it against that branch of the Socialist Party called the left wing, whose policies are committed to extreme action, and who are trying to transform the sane and scientific Socialist Party into a violent communistic organization.

Hillquit defends Bolshevism in Russia. Stedman attacks its most committed supporters here in a U. S. court!

The article by Hillquit, passages of which we quoted, is itself a perfect example of the inconsistencies in the ideas and actions of the party. The radical thoughts in the beginning of the article, were a prelude to the conclusion that life with the left wing was impossible, that the left wing is a "purely emotional reflex of the situation in Russia," and the best thing for socialism was for the comrades on both sides to "separate, honestly, freely, and without rancor." Hillquit felt more at home with a party including Berger\*, Stedman and Lee and other

\*Hillquit couldn't tolerate the emotionalism of the left wing but we have not seen any repudiation by him of the unemotional language of Berger's testimony in his trial. A portion of Berger's testimony reported in the *Ohio Socialist* included the following:

"I believe in absolute obedience to the law, whether it is good or bad. . . ."

"I knew Mr. Burleson very well. We sat in the House of Representatives together, and Mr. Burleson and I were the antidotes of Haywoodism."

This "Mr. Burleson" was not an SP member. He was the Postmaster General in Wilson's administration, a scoundrel who thrived on depriving radical publications of their mailing rights

"temporizers" than with the radicals. And how Hillquit and his friends went about implementing this appeal for a cold split will reveal how incapable they were of fulfilling this disingenuous sounding call for a parting of the ways "honestly" and "without rancor."

Another source of party friction was the strong undercurrent of national prejudice. The Socialist Party had prided itself on being an American movement in composition, outlook and psychology. This was true of the native-born leaders of the party and was no less the case with foreign-born leaders who felt themselves to be assimilated Americans. And it is true, no doubt, that the majority of foreign-born in the party before the development of the new left wing, mainly Finns, British, Germans and Scandinavians, were more attuned to the American scene than the immigrants from Southern and Eastern Europe who joined the opposition. They were also as a rule more educated, more cultured and more accepted. This friction between American and foreigner in the party could be seen only in undertones during the early months of the 1919 faction fight, but it was real and more frankly revealed toward the end of the year. At the September, 1919, convention of the Socialist Party a constitutional amendment was adopted and submitted to a membership referendum providing that all new members who are not citizens must apply for citizenship wherever possible within three months of admission.

### The Growth of the Left Wing

IN THE LAST ISSUE, we noted that the organized beginnings of the new left wing were to be found in the formation of the Socialist Propaganda League centered in Boston. Although

the left wing continued to grow it was not until late in 1918 that other significant left wing organizations developed and not until the early months of 1919 did the left wing take on a national organizational character, with a distinctive program and affiliated groups.

On November 7, 1918, the first anniversary of the Bolshevik revolution, the Communist Propaganda League of Chicago was organized. Just six months later at the Cook County convention, representing over 6,500 members, this left wing made a clean sweep. Of the 650 delegates, 400 voted with the left. The foreign language Federations which played an important role in this convention, charged the right wingers with making bigoted insinuations about the "alien" character of the Chicago left. Seymour Stedman, along with about ten per cent of the delegates bolted the convention.

Shortly after the formation of the Chicago Propaganda League, the left wing Boston local began publication of its own newspaper, the *Revolutionary Age*, which was to become the national spokesman of the left wing movement.

In New York, which was to be the opposition's national center, a local left wing was formally organized on February 15, 1919, by a group of delegates who bolted a New York party conference. A number of left wing delegates at the conference were anxious to pillory Algernon Lee who had recently added to his pro-war record on the Board of Alderman his support of an \$80,000 appropriation for a "Victory Arch." Lee had admitted that it was a mistake because it meant "squandering so much of the people's money" but denied there was anything wrong with it as a matter of "socialist principles." The chairman

would not recognize a number of the left wingers who wanted to question the socialist alderman. Thereupon, nearly half the delegates left the conference, reconvened at the Rand School where they formally declared themselves the Left Wing Section of the Socialist Party of Greater New York. They proceeded to elect a committee of fourteen to draw up resolutions and manifestoes. A local left wing convention was held shortly thereafter, resolutions voted on, a fifteen-man executive committee chosen, including John Reed, Jay Lovestone, Benjamin Gitlow and Bertram Wolfe, and a nine-man committee selected to investigate broadening the New York left wing to a national movement. In addition to manifesto and program the convention authorized issuance of factional membership cards and its own publication. In April, 1919, the first number of *The New York Communist* appeared, edited by John Reed. This left wing was not, of course, inspired by opposition to Lee. It was the cumulative effect of growing differences in the party, nationally, for several years.

The conservative leadership of the New York City and State organization met this challenge with a suspension of all locals adhering to the declarations of the New York left wing. The New York left charged that as a result of disciplinary action it was deprived of 2,000 votes in electing delegates to the Socialist Party convention scheduled for the end of August, 1919.

The New York left wing manifesto was nationally circulated and endorsed by some of the party's most powerful language federations, and city and state committees including Seattle, Philadelphia, Cleveland, Boston, Michigan, Minnesota and Massachusetts. By the middle of 1919 there could be no doubt that the left wing

had the support of the party majority. One contest which revealed its strength was a national referendum on affiliation to the Third International.

Late in January, the Russian Communist Party issued a call to a Moscow conference to be held early in March for forming a Third International. The call was reprinted in the *Revolutionary Age* and the Boston local of the party moved for a referendum on affiliating to the Third International. The party leadership shelved the Boston motion on a technicality but at the behest of another local authorized the referendum. The results, not published for several months, showed a preponderant vote for immediate affiliation to the Third International.

A second and even more decisive show of left-wing strength were the elections for a new national committee, also to be determined in a referendum vote — the SP's traditional method of electing national committees. Although the referendum was held in April, 1919, before the formal organization of a national left wing, it was clear where the various candidates stood. The left wingers were those who had identified themselves with the manifesto of the New York left wing or were members of the organized left in Chicago. New York or Boston. When the votes were in and tallied by the right wing, it was truly alarmed. The left had decisively won. The right wing attempted to suppress the count and when that was not possible it refused to recognize the results, maintaining that they were the product of fraud. The charge was preposterous. Evidence of fraud in a hotly contested referendum could possibly be proven by both sides but the one-sidedness of the referendum was so great that there could be no ques-



tion that the mandate of the membership was for a new left wing national committee. The left wing had won twelve out of fifteen positions; for the post of International Secretary, left-winger Kate Richards O'Hare received 13,262 votes to Morris Hillquit's 4,775; for International Representative John Reed polled 17,235 votes to Berger's 4,871.

The right wing, refusing to recognize the elections, decided to leave the question of a new National Committee to a future convention. But to insure itself against being deposed there the old right wing national committee, actually an illegal party body, began a series of wholesale expulsions and suspensions from the party. The Hillquit type socialist proved himself an admirable exponent of political democracy, except when democracy meant a change in party leadership and program. Then it was time to forget about democratic niceties and get down to the business of guaranteeing right wing minority control of the party even if it meant tearing the organization apart in the most callous and bureaucratic manner. Which is what the illegal national committee proceeded to do.

Meeting in the first week of May, 1919, the SP's right wing National Executive Committee, not only declined to announce publicly the results of the national party elections but performed some major surgery. It lopped off the entire Michigan Socialist Party which had been in the forefront of the left-wing movement. The expulsion was explained on constitutional grounds. The Michigan SP was a peculiar tendency in the party. It repudiated immediate demands and ran candidates on a "One Plank" program—the Abolition of Capitalism. This, the SP right wing maintained was in violation of the party consti-

tution which binds all groups "to be guided by the constitution and platform" of the party. Expulsion on this ground was obviously a hoax, as the Michigan SP had held its abbreviated campaign platform for several years with no punitive measures taken by the party leadership. In addition to expelling the Michigan socialists, the right wing NEC at the same meeting suspended the Russian, South Slav, Polish, Hungarian, Lithuanian and Lettish language federations. In another month, the same body expelled, in addition, the Ohio and Massachusetts organizations. A total of nearly 45,000 had been tossed out or suspended. Aside from the charge against the Michigan SP, the disciplined sections were accused of breaking party discipline, organizing a party within a party, adhering to the Manifesto of the New York left wing, and fraud. The right wing champions of democracy provided no trials for the disciplined sections. Local Cuyahoga County (Cleveland) initiated a call for a referendum to rescind the suspensions and expulsions. The party's national secretary, Adolph Germer, waited for 10,000 party members (3 times the number needed) to second the motion before informing the Cleveland socialists that the motion was unconstitutional because it contained comment.

FROM JUNE 21-25, a conference of left-wing organizations was held in New York City which was of historic moment in the annals of the American Communist movement. The conference call had been sent out by the New York left wing, also signed by Fraina for the Boston SP, and Charles Ruthenberg for the left-wing-dominated Cleveland organization. The political basis of the conference was the manifesto and program which had

been adopted by the New York left and the conference agenda had four broad points: the crisis in the party; "affiliation with the Bolshevik Spartacist International"; prepare a declaration of principles of a national left wing; consideration of other means for furthering the cause of revolutionary socialism. There was to be one delegate for 500 members and no more than four delegates from any one group (thereby limiting the representation of the left-wing language federations). More than ninety delegates were seated.

At this conference a National Council of nine was elected which approved a new manifesto shortly after the conference adjourned in the name of the now *nationally* organized left wing. Before continuing with the details of the conference, its disunity and the subsequent organizational disorientation of the left wing we must pause long enough to examine the manifestoes of the left wing. In the political analysis made by the left wing and in its style, particularly those sections dealing with American problems, we can get both the ideology and flavor of the only numerically significant revolutionary Marxist movement in this country, past or present.

### Mass Action

The first twenty years of the century in the United States were witness to an extreme economic polarization. The relative numerical strength of the farm population and its political importance had declined considerably, while American industry had grown gigantically and presented a text book case of the power and evils inherent in monopoly capitalism. With the growth of mass industries there was a parallel growth of an industrial proletariat. While the crafts-

man had his skill, which he regarded as a form of property to be coveted with all the zealousness of a small shopkeeper guarding his wares, this new industrial proletariat had nothing—neither property nor skills. In the view of the left wing, this ever-widening gulf between worker and capitalist would, *by itself*, arouse the unorganized working class to a pitch of militancy and organization that would sweep everything before it. It would *instinctively* develop the tactics of *mass action*—strikes and other economic demonstrations of class struggle which could not be contained within the limits of economic activity but would, inevitably and on its own steam, assume a revolutionary character. This political mass action would find its organizational form and driving force in revolutionary industrial unions. Given a collapse of American capitalism, which was soon forthcoming in the view of most left wingers, these industrial unions taking the lead in a revolutionary struggle against capitalism would overthrow it, and reconstitute society under the control of organized producers.

Neither the phrase, mass action, nor its general meaning, were introduced by the left wing. At the turn of the century, Rosa Luxemburg had referred to mass action as the elemental, instinctive and spontaneous revolt of the proletariat against bourgeois conditions of economic and political life with the role of social democracy necessary for giving it political drive and direction.

In this country the first we have heard of the phrase was in a passing manner in a report by C. Karklin, secretary of the Lettish Federation to the 1912 convention of the SP. But it was not until after the war that the term became common parlance in the socialist movement. Its most consistent

advocate was Louis Fraina—a point not always to his credit—who did more than his share to reduce a semi-syndicalist conception to the level of a physical reflex, where through constant and indiscriminate use, mass actions were seen everywhere and anywhere until the conception became a ritualistic, revolutionary fire dance. A picket line, an anti-war demonstration, a move to organize the unorganized all became signs of an imminent mass revolutionary upsurge.

The theory of mass action as promulgated in the left wing manifesto was wrong to begin with, as an abstract theory with its overdrawn emphasis on “instinct,” the “inevitability” of revolutionary industrial unions springing directly out of the “spontaneous revolt” of the unorganized proletariat. “Mass action starts as the spontaneous activity of unorganized workers massed in the basic industries; its initial form is the mass strike of the unorganized proletariat.” Mass action had become a theory and a dogma in the American left wing which felt that the Russian revolution was initiated by a spontaneous mass upheaval and therefore decided that this was the total blueprint of revolution for all times and all places.

While the left wing as a whole was perfectly delighted with the theory of mass action, it was not universally accepted there. One of the more interesting phenomena in the left wing was the Michigan Socialist Party, an important element in the left and opponent of the theory of mass action. It is unfortunate that the Michigan Socialist Party has been either largely ignored by historians of socialism, or shunted aside in reminiscences of ex-Communists familiar with the Michigan SP as a bunch of “wiseacres.” This state organization had 5500 members at the time it was expelled

by the right wing with the bulk of its strength in Detroit where it played an important role in the local Federation of Labor. The Michiganers—who ran for public office on the one-plank program: the overthrow of capitalism—had a fierce suspicion bordering on hatred for intellectuals. Nevertheless, they insisted, the socialist movement had to have a highly educated membership. Imperative then was an intensive educational campaign among the working-class members of the party. The worker was to be intellectualized, trained in all basic and subtle Marxist ideas. This was necessary for socialist action and to keep the movement out of the control of middle-class theorists. Education became a fetish in the Michigan party, and its Proletarian University of America became a local Detroit institution, with annexes in a number of other cities. The emphasis on educating the worker brought the Michigan party into ideological conflict with the left wing’s emphasis of mass action; intelligence versus instinct. An attack on Fraina, Rutgers and the theory of mass action appearing in the Michigan publication, *The Proletarian*, observed that “Masses acting instinctively, however, are a poor reed to lean upon. . . . What we are suffering from is the instinctive actions of the masses right down the history of the working class. Only when they are educated in Socialism and cease to act as instinctively as mules will the workers be ripe and ready for emancipation.” Where the majority of the left wing exaggerated the extent to which the strike wave of 1919 was symptomatic of the increased political maturity of the working class and thought of the United States as entering a pre-revolutionary stage, Dennis Batt, one of the Michigan party’s leading spokesmen wisely cautioned:

“We are quite ready to acknowledge that general unrest and strikes are grist for the mill of the revolutionary movement; but it is our task to organize this unrest and give it intelligence.” But while the Michigan organization made cogent criticisms of the national left wing, its own intelligence was not extended to recognizing the merit of struggling for reforms, and in their rejection of immediate demands, they found a common sectarian meeting ground with the majority of the left wing.

The theory of mass action is of interest today, not only because it is a part of American radical history, but as evidence of the contradiction in values between Stalinism and the early communist tendencies. In its organizational structure, actions, politics, tactics, philosophy, Stalinism is a complete negation of the democratic values of the early communists. No matter how much one might take to task the theory of mass action as expounded by the forerunners of the American communist movement, it must be recognized as a view democratic in the extreme. It placed its faith in the self-reliance and democratic potential of the broad mass of workers. The struggle for socialism was to be conducted from below and the leadership of revolutionary, mass political strikes were to come out of the ranks. “Mass action can dispense with leaders and continue its activity of itself, spontaneously and successfully,” Fraina wrote in November, 1917. The Left Wing Manifesto declared that “The final objective of mass action” was the “revolutionary dictatorship of the proletariat.” But the dictatorship was to undertake measures including: “Workers’ control of industry, to be exercised by the industrial organizations of the workers, operating by means of the indus-

trial vote.” The left wing, the anti-thesis of its Stalinist degeneration, believed that “Not the state, not politicians and bureaucrats, but the workers themselves shall manage industry for the workers—for peace and liberty and happiness.”

The fallibility of “mass action” as a left-wing theory was not its greatest sin. Mass action became an all-pervading philosophy which served to disorient the early communist movement on all practical, domestic political problems. Current political struggles were magnified out of proportion to fit the revolutionary optimism of mass action in the United States.

### **The Left Wing and the Union Movement**

The modern union movement had its beginnings in 1881 with the loose association of 50,000 craft unionists in what was to be called the American Federation of Labor five years later. A full decade passed before its original membership rose another 100,000. By 1912, the total number of American unionists was somewhat more than 2 million. By the time of the 1920 convention of the AFL, its membership claim rose to 4 million. This figure, however, by itself, gives an inflated picture of the strength of American unionism at the time. Government and even corporation resistance to unionization had eased up considerably during the war period. Gompersism performed valuable war-time political services for the bourgeoisie and it was rewarded by an unsigned contract with the government whereby it was permitted to draw additional numerical strength and revenue from war-inflated industries. By the end of 1920, the union movement was already being thinned out. The government had no need of its services, a depression had set in and the cor-

porations embarked on an anti-union campaign which came perilously close to destroying the union movement. But even the 4 million figure plus the million in independent unions were not staggeringly high figures when compared to the population of 105 million or to the union movement in highly industrialized European countries. The British unions totaled more than six million in a population less than half of the United States, had organized the decisive sectors of the economy with a probable majority of the nation's industrial workers in its ranks. Here, after the 1929 crash, the AFL membership had declined close to the vanishing point. It only claimed about 2½ million members and even that was an artificially manufactured figure. It was not until the late 1930s that the American union movement began to come into its own with a phenomenal rise in union membership, union consciousness and making an irresistible assault on the nation's hitherto impregnable mass manufacturing industries.

Before the turn of the century, trade unionism was an established institution in England. The bourgeoisie there resisted the demands of the union movement, but it had no hope of crushing the organized working class as such. In the United States, for reasons which we summarized in our first article, trade unionism was not resisted on the bargaining level; its very existence was challenged as an irreverent encroachment on the sacred rights of private property which had to be exorcised. Through violence and through government intervention, the unions were under the constant threat of total collapse. And more than one labor organization had been utterly destroyed before labor was able to maintain itself as an independent class force.

Before the formation of the AFL, the most powerful labor organization was the Knights of Labor. One of P. W. Brissenden's sources gives the Knights a membership of 1,200,000 in 1888, nineteen years after its formation, but this figure is probably about 25 per cent too high. Although a radical movement, the Knights was not a class organization. Membership was open to anyone except lawyers, bankers, stock brokers, gamblers and liquor dealers. Its emphasis was, however, on improving the lot of the laboring man. In its local assemblies, trade unionists played a prominent role and craft distinctions were specifically abjured. Nor was there any discrimination as to sex and race. The Knights, however, could not withstand its own weaknesses. It was a highly politicalized body which became a common battleground for every radical tendency in the country: the SLP, anarchists, syndicalists, single taxers, populists. The presence of so many political tendencies was a disruptive agent and the very existence of politics in the Knights alienated many unionists who preferred to see the organization devoted to fighting the economic battles of the working class. Unions in the Knights did conduct strikes, but the official policy of the organization strongly opposed such activity, preferring to concentrate on politics and organizing cooperatives—which failed—as a means of fighting the monopolists. Many of the important strikes led by unions affiliated with the Knights were lost and workers who joined thinking that they could improve their lot here and now, were sorely disappointed. The Knights was not a party, though absorbed with politics; it was not a union though it attracted hundreds of thousands of unskilled and skilled workers; it was not a cooperative

movement though it organized cooperatives. Given its nebulous character, it could not sustain its membership swollen out of proportion to its staying power.

The American Federation of Labor was formed as a militant class organization of the working class by unionists, including Knights, who keenly felt all the shortcomings of the older organization. It was not organized, at first, as a competitive body to the Knights, though inevitably it became that.

Samuel Gompers, who moulded the thinking of the AFL, didn't believe in the panaceas offered by the Knights. He did not believe that cooperatives or cheap money were going to solve the problems of the working class. He believed in resisting the monopolists but he did not hold to any utopian schemes for smashing the trusts. The concentration of industry was, so far as he was concerned, an inevitable economic tendency. The early Federation acknowledged the class struggle and at its first convention its principles recognized "a struggle between capital and labor" that would crush the "toiling millions" if they did not organize resistance. This organized resistance would be most effectively offered by an *economic* combination of workers against the economic combinations of capital, and its most effective weapon was not a lobby, or even its own party, but the strike. The militancy of the early Federation, its class approach, its understanding of industrial development, won the warm praise of the prominent Marxist thinker, F. A. Sorge.

But the American Federation of Labor in a few decades grew from a militant class-struggle organization into one of the most conservative labor bodies in the world. The pure-and-simple trade unionism of the AFL, its

underlying philosophy, had become unattractively adorned with a hide-bound social conservatism and class collaborationism. One reason was the terrible struggle which raged in the Federation between the pure-and-simple unionists and the Socialist Labor Party which attempted to impose its ideology on the organization. These conflicts served to quicken the conservatizing of the AFL, but it could not have been responsible for it. We suggest rather, that the power of the corporation and its alliance with government and court was so powerful in the 1890's and the early part of the century, that the American Federation of Labor sought safety behind its anti-socialism and its narrow organizational conceptions, offering its support to capitalist politicians whom it thought to reward for some favor or other and from whom it hoped to receive some paternal benefactions. In the AFL there was at all times a predominance of skilled workers organized along craft lines, who naturally tended toward conservatism. Unlike the unskilled worker in the growing mass industries, the craft worker had his skill which gave him a greater bargaining power to begin with than the unskilled workers who could be so easily replaced from among the unemployed or the next wave of immigrants. In addition, many of the craft workers in the AFL were from competitive industries where the threat of strike carried with it the threat of bankruptcy for the employer; it was no simple matter to find scabs with a craft skill. The mass of replaceable unskilled workers, on the other hand, had to contend with large, powerful corporations.

Given these conditions and the history of labor struggles in the last two decades of the 19th century, it is easy to understand why most craft workers

who left the Knights to organize the AFL developed a conservative outlook. The workers in the crafts wanted an organization which would defend *their* interests, protect *their* skills. They felt no idealistic urge and saw no immediate economic need to organize the unskilled in mass industries, for that, to them, was courting disaster. The strikes in the mass industries, and those led by independent industrial unions had been many, violent and most often, unsuccessful, in the 1880s and 1890s. In railroad, an industrial union of 150,000 had been crushed; and, in the basic steel industry, the once powerful craft union, the Amalgamated Association of Iron, Steel and Tin Workers was crippled in the Homestead strike of 1892, defeated again in 1901 and completely wiped out by the power of the corporation in 1909.

In the main, the AFL was a loose federation of conservative craft unions, but in many important sections it had industrial unions. One of its most important unions was the industry-wide organized Brewery Workers which had left the Knights for the AFL. And if the brewers were hardly in a basic industry, there was the United Mine Workers organized in 1890, also an industrial union, which became by far the largest union in the AFL. Friction did occur between the industrial unions in the AFL and the Federation's craft-minded leadership, but these industrial unions survived the conservative leadership. In fact, with one exception, there were no important industrial unions outside the AFL by 1900. Those that did exist were tiny and the one important exception was the Western Federation of Miners. Organized in 1893, these western miners joined the AFL, struck out on their own four years later, became a driving force in the organiza-

tion of the IWW in 1905, from which it withdrew two years later, grew politically conservative and returned to the AFL in 1911, retaining its industrial form and renamed the Mine, Mill and Smelter Workers. It is important to bear this in mind in assessing the attitude of the pre-communist left wing from whose denunciations of the AFL one could hardly realize that at no time was less than 25 percent of the AFL organized in industrial unions and a greater percentage in basic industries, organized on craft and industrial lines.

IF THE OBJECTIVE situation in the United States militated against the AFL developing a militant class-conscious leadership, it was also responsible for a brand of syndicalism in the labor movement which burned its way into the thinking of the 1919 left wing in the SP, thereby weakening the early communist movement and setting back the labor movement as a whole.

The organized expression of American syndicalism was the Industrial Workers of the World. It was inspired by the Western Federation of Miners, the SLP-controlled Socialist Trade and Labor Alliance, the United Metal Workers which withdrew from the AFL in 1904, locals from the AFL miner's union and a number of prominent socialists. The IWW and the AFL drew conclusions from class struggle experiences which were similar in that both, after some hesitation, rejected political action. But the AFL withdrew from political action in order to acquiesce to capitalism, while the IWW repudiated politics to overthrow it. The IWW viewed the failures of the politicalized Knights of Labor and the myriad labor parties which flared and fluttered in the preceding period and concluded

ed that capitalism cannot be meaningfully opposed in the political arena but has to be fought and uprooted via the economic power of the revolutionary industrial union. The reliance on the industrial union was raised to a syndicalist philosophy. If the defeat of the workers was due to private capitalists and the *government* operating in concert, then after capitalism was overthrown the basic economic and administration unit in a workers' republic would be the revolutionary industrial union, thus guaranteeing the working class against possible incursions by the political institutions of a state.

Syndicalism in the United States was a numerically negligible factor before the first war. In the course of its growing anti-politicalism and the increasing conservatism of the Western Federation of Miners, the IWW underwent a number of splits. Its first—and last—president led a faction out after the first year, the Western Federation of Miners left after the second, and a DeLeonist wing separated in 1909. By 1912, the IWW was reduced to less than 15,000 members\* and it was not until the Lawrence textile strike of that year that it achieved a national reputation.

While IWW activity did not have a wide effect on the unorganized and unskilled before the war, its activity and ideas furthered the disunity in the socialist movement from its inception in 1905 through 1919. At the end of 1912, the SP had a membership more numerous than all the membership cards the IWW had issued (even with its large turnover) since its birth; and it received a vote that was about sixty times the IWW membership. But the existence of the syndicalists

\*Testifying before the Commission on Industrial Relations, Vincent St. John gave the IWW 1914 membership figure as 14,310 with 236 locals.

brought to the fore the question of the relation of the socialists to the unorganized and unskilled and to the AFL with its several million members. Unfortunately, the socialist movement divided into two theoretically extreme positions; those who sided with the IWW and regarded the AFL as a prime obstacle to the organization of the working class and those who took the attitude that the Socialist Party was the political party of the working class which should not interfere with the economic organization of the workers. There were groups and individuals in and out of the Socialist Party who advocated what was, in this writer's opinion, the correct view: for all militants and socialists to join in the AFL, recognizing it as the largest and most stable economic organization of the working class, to function within that organization with the aim of winning sympathy and support for organizing the unskilled on an industry-wide basis. This was the theoretical view of William Z. Foster's Syndicalist League of North America, and of some Marxists inside the Socialist Party. That this view did not gain wide currency among the militants in the Socialist Party either before or after the first war was only to be expected: the left-wing workers in the party included many who were themselves victimized by the AFL's narrowness, the state of the class struggle encouraged politically-conscious socialist workers to turn a friendly ear to class-conscious syndicalists, and the professed neutrality of the Socialist Party leadership toward the economic policies of the AFL could only incite the militants in their denunciation of the "reactionary" AFL.

The left wing of 1919 showed a hostility toward the AFL that was even greater than that of the 1912-1913

syndicalist left wing. And it was no less denunciatory of the trade-union politics of the party moderates than the Haywood faction was, although the party leadership had moved considerably to the left on all questions. While the party attitude toward the AFL was certainly open to criticism from a Marxist point of view, much that has been ascribed to it was unjust. The formal position of the SP toward the AFL was given by Morris Hillquit in testimony before the Commission on Industrial Relations in 1914:

... We don't engage in the economic struggles of the workers, except where such struggles assume a political and general aspect. We do not consider it part of our mission, function, or power to interfere with any detail of economic or organized labor in the shop or in the unions. We would consider that meddling.

Before the same Commission, in response to questions put by Sam Gompers—Hillquit and Gompers cross-examined one another—the socialist leader disowned the earlier views of Debs that the working man should “sever his relations with the American Federation” and join with the IWW. Hillquit, speaking for himself and the SP, repudiated the position of Debs, remarking that “the Socialist Party at no time had any substantial criticism of the American Federation of Labor.” But Hillquit, always a careful lawyer, was quick to add: “the majority of its [SP] members do believe that the present leadership of the American Federation of Labor is somewhat archaic, somewhat antiquated, too conservative, and not efficient enough for the object and purposes of the American Federation of Labor.”

Although the Socialist Party emphasized the division of labor between the Socialist Party and the trade unions, it would be false to con-

clude that the party actually never did “meddle” with the internal affairs of the AFL. In the 1912 convention resolution of the party, partially as a compromise with the syndicalists, the AFL was implicitly assailed for failing to pay sufficient attention to the organization of unskilled and immigrant workers and the party offered to “cooperate with the labor unions in the tasks of organizing the unorganized workers. . . .”

The ferocity of the attacks by syndicalists and the 1919 left wing on the trade-union policy of the Socialist Party served, to the present day, to exaggerate, if not falsify, the conservatism of the SP leadership's trade-union position. In the bit we have quoted above, it can be seen that at least formally the Socialist Party leadership was not indifferent to the fate of the unskilled and the failure of the AFL to engage in major campaigns to organize the mass industries along industrial lines—the only way they could be effectively organized. But even more revealing than the formal position of the party was the activity of prominent socialists inside the AFL who did challenge the Gompers leadership at times and offered an alternate policy of industrial unionism. Just one year before Hillquit's testimony, a powerful combination of socialist and progressive labor delegates to the 1912 convention of the AFL put up its own candidate for president, Max Hayes, a prominent socialist, who received one-third of the votes. A resolution favoring industrial unionism was also introduced which received the same support. It is ridiculous to believe that these were the activities of socialists who operated purely as individuals. The role of the SP in the organization and activities of the Amalgamated Clothing Workers union and the International

Ladies Garment Workers Union, one of the industrial unions in the AFL, is a well known example of how the SP, in fact, did participate in the internal union movement. And in a host of other unions, craft and industrial, members of the Socialist Party carried on oppositional activity and for limited periods assumed the leadership of some of the more important unions. At the 1908 convention of the United Mine Workers, of the more than 1000 delegates, 400 were members of the Socialist Party led by Duncan MacDonald and Adolph Germer. The socialists had taken over the leadership at this Indianapolis convention of the largest union in the United States. A few years later, a member of the Socialist Party was elected president of the International Association of Machinists. In the highly skilled Tailor's Union, socialist-led progressives took the leadership of the union away from the conservatives.

This opposition to craft unionism and Gompers from within the AFL could not have been possible if the party, in reality, as well as in form, rejected party interference in the unions as “meddling.”

We do not wish to give the impression that the right-wing leadership of the Socialist Party in the first twenty years of its existence fought inside the unions and in the party propaganda organ *consistently* and uniformly, or on the basis of a centrally-directed policy, for a change in the structure of the AFL. The party as a whole in its resolutions failed to make its weight felt as a force for industrial organization. Many party members were functionaries inside the AFL who, affected by the conservatism of the Federation soft peddled criticism of craft unionism and of Gompers. Nevertheless, the extreme attacks of the syndicalists and the 1919 left wing on the

party were unwarranted, reflecting a fundamentally reactionary ambition to destroy the American Federation of Labor. There was certainly not enough in the history of the Socialist Party to excuse the following unqualified condemnation from the June 1919 Manifesto adopted by the National Left Wing Council: “This party [the SP] moreover, developed into an expression of the unions of the aristocracy of labor—the A. F. of L. The party refused to engage in the struggle against the reactionary unions, to organize a new labor movement of the militant proletariat.”

THE LEFT WING MANIFESTO also declared that

Our task is to encourage the militant mass movements in the AFL to split the old unions, to break the power of unions which are corrupted by imperialism and betray the militant proletariat.

It further denied that the craft unions were “actual class organizations.” The Manifesto not only assigned revolutionary socialists the responsibility of smashing the AFL and organizing industrial unions but declared that these industrial unions were to be revolutionary. This was not an ultimate objective, but something within reach and to be fought for at the time-

Our task, moreover, is to articulate and organize the mass of the unorganized industrial proletariat, which constitutes the basis for a militant socialism. The struggle for the revolutionary industrial unionism of the proletariat becomes an indispensable phase of revolutionary socialism, on the basis of which to broaden and deepen the action of the militant proletariat developing reserves for the ultimate conquest of power.

These thunderous proclamations of the inevitable course of history substituted for a balanced and realistic appraisal of the class struggle in the United States. By dreaming up an

American proletariat soon to organize its forces in *revolutionary* unions in preparation for mounting the barricades, by denying that craft unions were even working-class bodies, and renouncing the major existing organization of the working class, the left wing, actually abandoned a growing progressive sentiment in the AFL in 1918-1919 to the wrath and trickery of Gompers and impelled its own isolation from the union movement.

THE LEFT WING did not have a pure syndicalist position. Where the Wobblies, after the split with the De Leonists, denied categorically the need for politics and had anarchist conceptions of a workers' republic, the left wing recognized the need for a political party and a workers' state. But it was semi-syndicalist in that its theories of mass action and the timing and role given to projected revolutionary unions would have made, in effect, a communist party the subordinate, advisory adjunct of the economic organizations of the working class.

In a sense, the views of the left wing on the trade unions seemed more justifiable than those of the syndicalist opposition of 1912-1913. The year 1919 was in all ways radically different from the period immediately before the war. Aside from the intensity of politics, internationally and in the United States, there were three main elements new to the American class struggle which gave the mistaken view of the left wing some relation to reality: (1) the role of the conservative union bureaucracy in the war and its response to the Russian Revolution; (2) recent success of the IWW and, (3) the fierceness of the class struggle, all provided the left wing with a rationale for its revolutionary optimism.

1. *Politics of the AFL.* During the war, the AFL formed a servile political

alliance with imperialism and after the war, reached its political depths by doing whatever little it could to impede the growth of world socialism, which, in 1919, appeared to be the wave of the future. As the AFL continued in its political devolution, the firmer and more extreme was the left wing's repudiation of it as anything more than a cancerous growth in the working class. Gompers had developed an almost pathological hatred of socialists by April, 1917. He had learned to worship at the shrine of capitalism and the image of world socialism held the same terror for him as for his capitalist allies in the National Civic Federation. Long before the Bolshevik revolution, international socialism was, in Gompers' view, little more than the aftermath of a Prussian conspiracy to subvert her enemies. When the March revolution occurred in Russia, Gompers welcomed it, as did most everyone else, but a little more tepidly, perhaps. Early in the history of the Miliukov government, Gompers cabled an appeal for moderation to the Petrograd Council of Workers' and Soldiers' Deputies. When Elihu Root was appointed head of an American mission to Russia, it was Gompers who tried to placate Russian socialists who could not see how a reactionary businessman could sympathetically review the Russian revolution. The Bolshevik revolution itself found in Gompers one of its most rabid, intolerant opponents.

Gompers and the AFL were so embittered by the rising tide of European socialism after the war that they could not even see their way clear to affiliating to the conservative but "socialist"-led International Confederation of Trade Unions (Amsterdam International) reconstituted at the end of the war. Gompers preferred to con-

fine his international connections to his role as a labor attache of Wilson during the peace negotiations which reduced Germany to semi-servitude; his contribution was to assist in the formulation of some insipid labor provision of the Versailles Treaty.

The Gompersites objected in general to the pro-socialism of the Amsterdam trade unionists, but they were particularly incensed when that organization, despite its vigorous anti-Bolshevism, opposed the inhuman Allied blockade against famine-ridden Russia designed to starve communism out of power. It was Gompers' considered opinion of Bolshevism that "No more monstrous or degrading movement was ever set up anywhere in the world" and it was the position of the AFL that no effort should be made by it to lift the blockade as that "could be construed as an assistance to, or approval of, the Soviet government." There was some opposition in the AFL to the anti-sovietism of the bureaucracy but it was never a major threat to the powers that be, and was overwhelmingly crushed at Federation conventions.

2. *The IWW.* The progress made by the IWW from 1916 until 1918 was another reason for the semi-syndicalism of the left wing. Where the IWW was a floundering organization at the time of the split in 1912-1913, it had grown considerably immediately before and after America's entry into the war. In its earlier period, the IWW organized workers on the fringe of society. Migratory workers had become the mass base of the syndicalist union and their nomadic existence accentuated the IWW's fluidity. In 1914, fully one half of the membership was unemployed. Were it not for the war-born economic revival in 1915-1916, the depression that set in during the winter of 1913-1914 might have con-

tinued, and completely wiped out the IWW, leaving nothing more than an idea. Concentrating as it did on the jobless and migratory workers, it was not really an "industrial" union, and it was a dual union to the AFL mainly in concept; in only rare and local cases did it threaten AFL unions. Much of that was changed by full war-time production. Members of the IWW had become stabilized workers and the organization grew more business-like and efficient. It was able to break through public prejudice and company and government terror. It now gained the sympathy and support of thousands of more permanently employed farm hands, lumber workers, miners, textile and maritime workers. In 1914, Vincent St. John could only claim 14,000 members. Now the IWW boasted of 120,000 members. Even if its claim were exaggerated, it had become a formidable organization and a live threat to the power of craft unionism. Toward the end of 1918, the membership began to fall off sharply and by 1919, the IWW only reported 65,000 members, little more than half of its peak 18 months earlier. The primary reason for the decline was the war and post-war reign of terror against the IWW. The organization was physically and brutally broken by beatings, lynchings, mass arrests and convictions.

Although in decline in 1919, the recent successes of the IWW appeared to offer some empirical justification for the left wing view that the evolution of the economy created a discontented proletariat which would instinctively mobilize itself via revolutionary industrial unions.

3. *The Class Struggle.* With the exception of the formative years of the CIO, the year 1919 stands out as the most heroic period in the history of the union movement. Long before

1919, the American union-conscious worker had made his mark as a tough and resilient fighter. But in its militancy and magnitude, the struggle of the American working class for recognition and advancement in 1919, had never been matched.

In Seattle, a general strike was prepared and led by the AFL craft unions from February 6-11, called in support of the demands of shipyard workers for higher wages. Although the leading unions were craft unions, there was a strong radical and socialist force in the local labor movement which was a factor in the strike.

In August, 1918, a National Committee for Organizing Iron and Steel Workers had been formed. A tremendous push was planned to break the power of the steel corporations. By the middle of 1919, hundreds of thousands of steel workers, skilled and unskilled, had flocked into the union and a strike was long in evidence before the strike call went out in September, 1919, which was answered by 365,000 workers.

In May, 1919, the independent Amalgamated Clothing Workers won a four-month strike of 60,000 workers in New York, gaining the 44-hour week.

Lawrence textile workers struck on February 3, 1919, under the slogan "48-54"—reduction in hours from 54 to 48 a week without loss in pay. The strike was won 15 weeks later. Out of this struggle, there emerged the Amalgamated Textile Workers, a radical, industrial union which rose to a membership of 50,000. Its general secretary was A. J. Muste.

In 1919, the United Mine Workers had reached a membership of well over 400,000, and by the middle of the year were preparing to strike for their demands, including a 60 per cent wage increase.

These were among the most dramatic struggles of 1919, but far from the total. *Four million workers struck in 1919, and another million went out in unauthorized strikes.* Not only the extent of the strike struggle, but the forms which it took worked to instill in the left wing oracles an unwavering conviction that the working class was moving in a revolutionary direction, for craft unionism and labor conservatism were now clearly on the defensive. When the massive struggles exploded in 1919, they were, sometimes by implication, at other times consciously, an attempt to break out of the limitations of Gompersism. The pure-and-simple union philosophy of the AFL had outlived whatever usefulness it had in its formative period and its continued domination by the craft unions and adherence to these obsolescent forms of organization could not meet the needs of a working class which was now in its majority employed in highly concentrated mass industries which were dependent on a large force of semi-skilled and unskilled laborers.

But if Gompersism was to be destroyed it had to be done from within the established union movement. It certainly could not be done by left-wing manifestoes calling for the destruction of the AFL, and for revolutionary dual unions. The failure of left wingers and other radicals to conduct the fight for industrial unionism in a sane and responsible manner inside the AFL led to the following criticism of them by William Z. Foster in 1920, when reviewing the defeat of the steel workers he led:

... their time and energies have been worse than wasted in trying to build up organizations such as the I.W.W. When one considers that the life of nearly every labor union depends upon the activities of a very small fraction of its membership, it is clear that this constant

draining upon its best blood must have seriously hindered the advance of the trade-union movement.

### **The Left Wing and the Labor Party**

For or against the labor party? Until recent times that problem was nearly constant in the socialist movement around which debates raged and groups were suspended, expelled or split.

To one degree or another the Socialist Party had expressed its opposition to a labor party from the year of its formation until 1921. The policy of the organization had been firmly established in 1903 when its national committee adopted the view that a labor party could only be a rival organization which had in the past "proven disastrous to the ultimate end of the labor movement..." whereas "the history of the labor movement of the world has conclusively demonstrated that a Socialist Party is the only political organization able to adequately and consistently conduct the political struggles or the working class..." This was a firm party policy but far from widely accepted at all times. The resolution just quoted from was, itself, a repudiation of California socialists who supported a local labor party, and a rebuke to a sub-committee of the National Committee which endorsed the Californian's attitude. Until 1910 there was considerable disagreement in the party, mainly between trade unionists who favored a union-based labor party and the SP leadership. In 1908 Debs' vote was only slightly greater than it was in his previous presidential campaign which was evidence to pro-labor-party socialists that the SP was too far off from becoming the party of the working class to forego pressing the unions to organize their own political party. With the

election successes of 1910 and 1912 talk within the SP of a labor party was reduced to a whisper. The party had more than doubled its national vote in 1912 and the prospect of the SP becoming the political party of the working class had a realistic basis.

There is no point in this article in a detailed discussion of the labor party question before 1918. We will only permit ourselves this observation: the answer to "For or against the labor party?" depends on the condition of the labor movement and its prospects at the time the question is posed. There was no stricture which said that the Socialist Party could not also be the mass labor party as was the case in Germany. In 1912 it appeared that the party here, differently from the Germans, might develop into a truly mass movement. Today, when the unions embrace 16 million workers and the organized socialists so few, it is obvious that a labor party experience is vital for the working class to defend itself politically and should be endorsed by socialists as a necessary stage in raising the political and class consciousness of the workers. In 1912, however, the relationship of forces was quite different. The unions were weak, making but slow progress while Socialist influence was growing inside the union movement and in the nation as a whole. Why then should the SP have urged the formation of a labor party? A national labor party in 1912 would have handicapped the SP as an independent, electoral organization at a time when it was most successful. Had there been in 1912 a mass sentiment or an irrepressible urge among progressive leaders in the union movement to organize a national labor party that would bypass the SP, the opposition to a labor party might have been unjustified. But such was not the case and the real problem

was whether or not socialists should take the initiative in urging the union movement to organize its own political arm.

While one might debate the merits of the SP attitude toward a national labor party in 1912 when none was really in sight, the position of the entire socialist movement, left and right, after the war was detrimental to the entire labor movement. Toward the end of 1918 a labor party movement was initiated on a local level, quickly growing to national proportions. Its first sign was a local organization sponsored by Bridgeport machinists arising out of a local strike situation. But the major drive for a labor party had its source in the Chicago Federation of Labor, led by its president, John Fitzpatrick, and its secretary, Edward Nockels. Neither of these men was a socialist. They were, along with many others, militant progressive unionists disillusioned by the course of the war and at loggerheads with the Gompersites. They developed a movement and program which were not "revolutionary," but far to the left of anything the old "progressives" had offered. Most important, though, it was to be the platform of an independent political party of the workers. This program known as Labor's 14 Points included demands for collective bargaining, democratic control of industry, labor representation in all government departments and commissions, an appeal to supplement the League of Nations with an international league of workers to help bring about universal disarmament and "to the end that there shall be no more kings and no more wars."

In January, 1919, 125 Chicago locals endorsed the proposal for a labor party, and met in convention a few months later. John Fitzpatrick was chosen to run in the April mayoralty

elections as the labor party's candidate, receiving 56,000 votes. The Chicago move spread nationally. The Illinois State Federation of Labor organized a Labor Party early in 1919 and won a number of offices in the state-wide municipal elections. At the same time a significant labor party was organized by New York unionists—the American Labor Party. Its founding convention was attended by close to 900 trade union delegates. A state-wide labor party was formed by Wisconsin unionists. Cleveland unionists organized a local party. In May, 1919, the Pennsylvania Federation of Labor decided on a labor party course. In Pittsburgh, Iowa, North Dakota and many other areas the labor party movement was gaining ground.

From November 22-25, 1919, a national labor party was organized in Chicago, with 1,000 delegates from local labor parties and unions from 37 states and the District of Columbia. The party's name was the American Labor Party.

What was the attitude of socialists to this political demonstration which paralleled the great strike wave of 1919? The right-wing leadership of the party failed to reverse its position of 1903, although the labor movement was completely different, and the party itself was being torn asunder and losing steadily at the polls and in the union movement since 1912. Nevertheless, it continued to look askance on all other political parties. At its January, 1919 meeting the National Executive Committee adopted as its only concession to labor party sentiment already in evidence a policy of "watchful waiting" and opposed "destructive criticism." But it warned that the party constitution "forbid members from joining any other political organization" and de-

clared that no support could be given to the new movement until it could be "judged by their deeds rather than their promises."

What of the left wing? By the time the labor party movement was picking up speed in the spring of 1919, the left wing was already rolling along with its throttles wide open disregarding all blocks and warning signals and driving straight toward the American revolution—in preambles, resolutions, manifestoes and conferences. The Left Wing Manifesto of July disposed of the labor party with the following flourish of its super revolutionary quill:

A minor phase of the awakening of labor is the trades unions organizing a Labor Party, in an effort to conserve what they have secured as a privileged caste. A Labor Party is not the instrument for the emancipation of the working class; its policy would in general be what is now the official policy of the Socialist Party—reforming capitalism on the basis of the bourgeois parliamentary state. Laborism is as much a danger to the revolutionary proletariat as moderate petty-bourgeois socialism, the two being expressions of an identical tendency and policy. There can be no compromise either with Laborism or the dominant moderate socialism.

Both the style and content reveal the flights of revolutionary fancy which typified the left wing's analysis of American political problems. The labor party was symptomatic of the "awakening of labor" yet in the same sentence it was no more than an effort of union bureaucrats to "conserve" what they "secured as a privileged caste." Also, this phase of the "awakening of labor" was a threat, not to the bourgeoisie or Gompersism, but to—"the revolutionary proletariat." Which might be the case where we had a revolutionary proletariat—in Russia, Germany, Hungary—but not in a land where the proletariat was

just going through an "awakening" period. Had the left wing been as awake to the character and level of struggle of American labor as the non-socialist leaders of the Chicago Federation of Labor, it would have been a better movement for it.

Several months before the left wing June conference, Fraina wrote that "An American Labor Party would be an expression of the A. F. of L. The policy of the A. F. of L. is clearly reactionary." The conclusion of this syllogism is as clear as the premise was wrong. The labor party movement was not the expression of the AFL and if it had been it would not have been of the AFL as it existed in the United States in 1919. The truth is that Gompers and the bulk of the conservative AFL leadership, angered by the activities of the progressive trade unionists, tried their best to squash labor party activity. Gompers went so far as to call a special meeting of his Executive Council to which the progressive unionists were invited to dissuade them from their course and to remind them that according to the AFL constitution party politics of any sort "shall have no place in the conventions of the American Federation of Labor."

There was a surface similarity between the views of SP right and left on the labor party question. The former warned against it and advocated a policy of "watchful waiting" while the left lost little time in condemning it for non-revolutionary impurities. Actually the differences were even deeper. A large number of leading unionists who played an important role in the labor party movement such as Max Hayes and Duncan McDonald had been prominent figures until recently in the SP. Max Hayes, who ran against Gompers in the 1912 AFL convention, quit the Socialist Party when



the Ruthenberg forces captured his Cleveland local. But he left behind him many moderate SPers who actually eyed the labor party movement with more favor than the official party stand indicated.

### Parliamentary Action and Immediate Demands

In a July 19 issue of the *Revolutionary Age* I. E. Ferguson, secretary of the National Council of the Left Wing wrote:

The labor revolt rapidly acquires consciousness of the desperate nature of the combat, and of the futility of all processes except its own mass defiance.

One of the "processes" the left wing regarded as "futile"—or nearly so—was parliamentary activity and reform demands. Why fight for reforms for the working class when the "labor revolt" would "rapidly" acquire a political "consciousness" bringing it into direct and fundamental conflict with capitalism? Why urge the American workers to struggle for a few pettifogging demands when, as Ferguson wrote, in the same article: ". . . the conditions for the social revolution are here": the growth of centralized industry and the machine process, the violations of parliamentary democracy by the all powerful financiers and on the other hand an industrial laboring class created which would shortly accept only the process of its own mass defiance?

The extent of the left wing's sectarianism was made most painfully clear in the Manifesto of the New York left:

"We may soon expect the master class in true Bismarckian fashion to grant all sorts of social reforms (old age pensions, medical laws, unemployment insurance, factory laws, etc.).

By agitating for these reforms, therefore, the Socialist Party would be playing into the hands of our American imperialists.

And in its program:

1. We stand for a uniform declaration of principles in all party platforms both local and national and the abolition of all social reform planks now contained in them.

2. The party must teach, propagate and agitate exclusively for the overthrow of Capitalism, and the establishment of Socialism through a Proletarian Dictatorship.

3. The Socialist candidates elected to office shall adhere strictly to the above provisions.

These were not temporary aberrations of the pre-Communist left wing. It was carried into the thinking of the two Communist parties organized in September. In the first Manifesto of the Communist Party, for example, we learn that "parliamentary representatives shall not introduce or support reform measures." And in the first program of the Communist Labor Party we find that "Communist platforms being based on the class struggle and recognizing that this is the historical period of the Social Revolution, can contain only one demand: The establishment of the Dictatorship of the Proletariat."

Most unfortunate about these proclamations was their execution in much of the day-to-day political activities and propaganda of the early communists ranging from calls to boycott the elections to leaflets to strikers urging them to fight for the Dictatorship of the Proletariat. When one bears in mind that we are not discussing a tiny sect but a movement which had thousands of followers, it is clear that the political primitiveness of the early left wing and, later, the Communists, not only did harm to organized socialism but served to disorient the labor movement as a whole.

JULIUS FALK

In the next issue: organization of 2 communist parties and causes for their decline.

THE NEW INTERNATIONAL

## BOOKS IN REVIEW

THE SOCIALIST PARTY OF AMERICA, by David A. Shannon. Macmillan, 320 pp., \$4.00, 1955.

A prominent bourgeois economist, Sumner H. Slichter recently pondering the state of the labor movement came forth with the following historical generalization, "The ideas of radicals have always been so completely unacceptable to American workers that no radical group has ever had a significant effect upon the thinking of workers in this country." So finely attuned to the spirit of our times is this ignorant observation that it deserves to be true; if only the past could be patterned on the ideological needs of the present, we might enjoy an aesthetic symmetry whose highest culmination is an attorney general's list. Socialism has been branded as something illicit; its followers are denied security clearance in government and industry and refused honorable discharges from the armed forces. It remains for historians, educators, commentators and plain thinkers to bar them from history. But, first history must be spruced up and scrubbed clear of all derogatory information. Thus, in the campaign against socialism today, it is fitting to wipe out the memory of yesterday. If it never was, it probably never will be.

But there was the old Socialist Party, founded at the turn of the century, a party which, for a time, made a deep impression on American political life and thought, which had an impressive following among the working class and widespread influence in the trade union movement. *The Socialist Party of America* is the first full

length account of its history. Its author, David A. Shannon, Associate Professor of History at Teachers College, is not among those who rework history to pass muster before a loyalty review board. He handles his subject with genuine sympathy and with a noticeable regret at American socialism's decline. What he offers is not so much an analytical history as a running chronological account fundamentally accurate except where his strong bias toward the right wing in any fight leads him away from objective reporting. In 1919, for example, the party Right Wing, a minority among the membership by Shannon's own account, but still in control of the official machinery, suspended and expelled the Left, in an arrant disregard of elementary democracy and ignored a national membership referendum in which it had been deposed. The author strains hard to justify the high handed course of the Right Wing machine.

Nevertheless, if we remain on guard against such irritating intrusions, we can value Shannon's work as a positive contribution to restating and preserving the record of American socialism and as a reminder of the impact it once made.

As the story of the Socialist Party, it begins at the beginning, ends at the end and tells what happened in between. The tale swings along nicely, like reading old newspapers or attending meetings of days past. A hundred little incidents give us the flavor of party life; activists and leaders spring to life in scores of biographical vignettes. From day to day, so to speak, we get a sense of how the party grew; how it settled its little squabbles and

big faction struggles; how it enrolled farmers and middle class reformers; how its class composition became predominantly working class, and finally reverted to petty bourgeois; how it revived for a moment in the thirties and then disintegrated. In this, the book is as complete and comprehensive as a normal sized one volume record of almost fifty years could be.

Valuable as such a narrative proves to be, it is subject to many weaknesses. If a loyal and serious member started a diary of party life from the day it was formed in 1901 and kept a running account till now, has record would resemble Shannon's history. Events are impressed upon us in their most obvious, outward guise. Party disputes often remain vague: divisions between groups and factions are only roughly indicated by text book rule of thumb: this was the Right; that was the Left. Party development is presented chronologically with little reference to the times or to the state of the whole labor movement; with virtually no connection to international events and trends within world socialism. And finally, because this is a history of the Socialist Party and not of the socialist movement, it loses connection with the main line of development.

When the Socialist Party split after World War I, the Left Wing took its proletarian and vigorous sections and founded two Communist parties, later fusing into one, which, like the world communist movement, finally degenerated into Stalinism, an anti-socialist, anti-working class political tendency. The rise of Stalinism and the growing realization by American workers that it represents anti-labor dictatorship; its confusion with socialism—all this stands among the decisive causes of the decline of socialism

in the United States. Shannon hardly mentions the subject.

Shannon summarizes the faction fight between Left and Right in these words: "Although the basic issues—evolution or revolution, political democracy or proletarian dictatorship, parliamentary action or 'revolutionary mass action'—were seldom debated on their merits, these differences were fundamental and important." And some pages later, describing a debate in the early '20s between a Socialist and a Communist he comments, "Democracy was the issue which split Oneal and Minor, democracy in the sense of universal political participation and civil liberty, the meaning of the term that has been generally understood in western Europe and America, not in the sense of the 'peoples democracy' of the Soviet Union."

But these faction struggles, their significance as well as their ludicrous aspects, the real issues as well as the exaggerations can be understood only on the background of the times: the Russian Revolution and its enervating struggle against armed reaction and intervention; the German Revolution and the reconsolidation of right-wing militarism against an armed working class. At that moment in history, the working class had taken power in backward Russia. In advanced Germany, where the workers organizations held actual power in their hands, militarism and proto-fascism were allowed to reconsolidate. In both cases, the armies and political parties of reaction took refuge against socialist revolution behind the hypocritical watchword of "democracy." And it was in the name of "democracy" that German right wing socialists raised militarists and bourgeois reactionaries to the seats of power. All this is lost

on Shannon whose account centers around a few lifeless formulas.

THE THIRTIES BROUGHT another crisis in Socialism, and a similar treatment is meted out to the contestants by the author. Years of deep depression had revived the desultory Socialist Party; a group of young "militants" demanded a more activist line. Meanwhile, in Germany the most powerful social democracy in history was powerless before Hitlerism and finally succumbed without stirring its lax muscles to avoid extermination. It is only by mustering the most incredible self-isolation from events that Shannon can describe the militant Old Guard dispute without one reference to the rise of the Nazis. And so, he misuses the militants as he misused the early communists. "The Militants' view toward democracy was in some respects similar to that of the Communists. Democracy was to them a bourgeois quality, a device adopted by the bourgeoisie to defeat the aristocracy that was now being abandoned by capitalists as their conflict with the proletariat became more intense. Wrote one Militant, 'Capitalist democracy can be viewed as a game between capital and labor in which the capitalist is at liberty to make the rules, count the points, or suspend the rules entirely,' Socialists, then should not make a 'fetish' of democracy."

Shannon's attention is riveted upon the oversimplified view of his chosen Militant writer. But he appears utterly unaware of the fact that the German social democrats were using their own oversimplified view of democracy to dodge responsibility for defending the labor movement against fascism. In 1933, misused slogans of democracy became a pretext for passivity before totalitarian dictatorship. The fight between Militant and Old Guard in

the United States was only one facet of a world wide crisis of social democracy, a crisis created by the failure of its views on democracy to cope with the rise of fascism.

But all this is beyond the purview of Shannon's chosen subject matter. Of 268 pages, only the last 14 examine the causes of the SP's demise. A brief, sketchy analysis—little more than an appendix unrelated to the main body—concludes, "But despite all the shortcomings of the Socialist Party, its failure was not primarily its own fault; the failure of the Socialists was due less to their errors than to the basic traditions and conditions in American society which the Socialists could do little or nothing to change." This reviewer is in full accord with that thesis. Others have reached a like conclusion but with other motives. Anti-socialism today is almost a prerequisite to an advanced career. For most writers, it is not enough to discover that the weakness of American socialism is the product of profound social causes. Simple, malicious or ignorant critics would merely censor socialism out of history in retrospect. Others who recall the glories of old ascribe the downfall of socialism to factors that are not merely profound but eternal, or at least permanent and unalterable in American capitalism. They are not content with rejecting socialism; they are not satisfied with the attempt to refute it; they would wipe it all out for all time by simple literary declaration.

Although not a socialist himself, Shannon refuses to fall victim to the passing ideological pressures of our times and in this respect remains free of the disease of acute conformity. He sums up socialism at its high point thus, "In 1912, it was not altogether foolish to believe that within a generation or so the Socialist Party would

be, if not the dominant political party of the country, at least a major political group as strong as the British and continental social-democrats." He is not hypnotized by the present strength of American capitalism, pointing out, "As socialists predicted, capitalism has not provided the American nation with a confidently stable economy. What economic stability and health there has been in the nation's economy since 1940 has been largely attributable to past, present, or possible future war." And finally, looking back upon the wreckage of the Socialist Party, he concludes his book with the following two sentences, "The ideals of social democ-

racy will remain part of the American tradition as long as American soil produces rebels, and there may develop some day, under the impact of fundamental social change, another social-democratic political movement of significance. But should there again be a vigorous political organization with democratic and socialist principles in the United States, it is most unlikely that the party of Debs, Hillquit, and Thomas will provide its impetus."

The author is able to handle his subject matter, socialism in the United States, with a basic objectivity and with integrity. In these days, that is not a small achievement.

H. W. BENSON

### READ ABOUT SOCIALISM

- The Fight for Socialism** .....cloth \$2, paper \$1  
*by Max Shachtman*
- Socialism: The Hope of Humanity** .....\$ .10  
*by Max Shachtman*
- Marxism in the United States** ..... .35  
*by Leon Trotsky*
- Plenty for All: The Meaning of Socialism** ..... .25  
*by Ernest Erber*

Order from **LABOR ACTION BOOK SERVICE**  
 114 West 14 Street, New York City

## THE NEW COURSE

by **LEON TROTSKY**

**The Struggle for the New Course**

by **MAX SHACHTMAN**

*Both in one book—Trotsky's historic essay on the beginnings of Stalinism, and Shachtman's study of the development of Russian totalitarianism.*

**\$1.50**

**LABOR ACTION BOOK SERVICE**

**114 West 14 St.**

**New York 11, N. Y.**