

Political affairs

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Editor: V. J. Jerome

The Third Annual Convention of the National Negro Labor Council

By Pettis Perry

THE NATIONAL NEGRO LABOR Council held its Third Annual Convention in Chicago, December 4-6, 1953.

It would be impossible in a brief article to deal with all of the many-sided positive developments of this convention for it was so rich and significant that such a task would require something approaching a book. However, some main points may be examined.

In estimating the convention, one must not concentrate upon statistical comparisons as regards the first, second and third conventions. It is important to note that this last convention had 800 delegates and observers, as compared with 1,200-1,300 at the earlier meetings, but these figures are not decisive.

Actually, while a smaller number of delegates attended the Chicago convention, it still represented a

qualitative improvement over the earlier Cincinnati and Cleveland gatherings. Thus, while the A. F. of L. representation at former conventions was negligible, at Chicago there was a sizable number of A. F. of L. delegates. Outstanding among these were the twenty railroad workers (mostly from A. F. of L. unions), which included a few white progressive workers. The largest delegation came from the CIO-Packinghouse Workers and the CIO-Auto Workers, while large numbers came from the independent Left-progressive unions. A majority of the delegates were rank-and-file unionists who were elected by either their locals or by shop groups, so that it is certain that the deliberations of the convention will be discussed by hundreds of thousands of workers. Moreover, there were pres-

ent in the convention indications of the potential unity of Negro workers of all political tendencies around the issue of Negro rights.

The convention met despite serious difficulties. The year between the second and third conventions saw the National Negro Labor Council placed on the Attorney General's list as a "subversive" organization, to join twelve other organizations previously honored. In addition the convention was postponed from the end of October to early in December and this, too, may have affected adversely the mobilization of delegates. The reformist leadership of the labor movement launched a heavy attack on the N. N. L. C. Moreover, there persists confusion among progressive forces in the labor movement who therefore did not generally give the convention call their all-out support. This confusion rests on the concept that the N.N.L.C. is too narrow and that therefore all efforts should go to the N.A.A.C.P. and to other broad organizations in Negro life.

Furthermore, it is a fact that many progressives, including some Communists, even at this late date, are still debating the validity of the existence of the Negro Labor Council, or are only tipping their hats to it. There is evidence that in many cases, among such advanced forces, the N.N.L.C. frequently is not even discussed in any sort of serious way, or if it is discussed it is dealt with negatively.

All of these factors must be taken into account when assessing the fact

that almost 800 Negro and white trade unionists, men and women, gathered together, determined to push forward to an even higher level the struggle for Negro rights, and for Negro liberation. Viewed in this light, one must reach the conclusion that this was a very positive and significant development. With any kind of full support from the progressive movement, the coming year could well mark a still further step forward for this fighting organization and for the role it can play in helping to improve the Negro people's labor program, and thus helping to strengthen the Negro liberation movement.

To do that, however, one of the first things that is required is to overcome the resistance that still prevails in the ranks of the progressive movement and to some extent in our own Party. For, while some of the lack of support may be a simple matter of confusion, some is also based on resistance to the line and policies of the Party. As this was stated in the recent National Party Conference:

Since the birth of the N.L.C. there has been a growth of the Negro caucus movement, the spread of union FEPC committees and increasing collaboration between labor and the NAACP. These developments, and the opposition to the N.L.C. by the dominant sections of Right-led unions, certain Negro reformist circles, as well as some white progressives, and the inability of the N.L.C. thus far to establish its base among Negro workers in basic industry, have led a number of people to conclude that the N.L.C.

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cannot make important contributions to the fight of the Negro people for economic equality. *This erroneous position, held by some progressives, and even by some Communists, is harmful and constitutes at this time a real obstacle to the growth of the National Negro Labor Council.* The position which holds that the N.L.C. is without a future and should be liquidated must be rejected. . . . *It is precisely in the basic industries that the N.L.C. must seek to make its major contribution, for it is here that the heart of the problems of the Negro workers is to be found.**

As to the argument that the NAACP can well do all of these things, one only needs to point out that this contradicts our whole theory that the working class is the most stable and consistent force in the fight for democracy. The NAACP is the most important civil rights organization of the Negro people, and on many fronts has done a very good job. At the same time it must be pointed out that the leadership of the NAACP is a petty bourgeois leadership and by itself and of itself cannot wage a consistent struggle along the lines that we are indicating. But the role of the Council can help guide and stimulate the Negro workers generally in assuming a greater role in fighting for a solution to these problems.

The Council is based upon the working class. Its membership and leadership is based on the working class. It is the clearer in perspective,

as to just where it is going and how it must get there than is the NAACP. However, it should be pointed out that while some Left-progressive union leaders suddenly discovered the NAACP for the first time since its formation in 1909, they are helping neither the NAACP nor the Negro Labor Council. In effect, they are indulging in sheer phrasemongering rather than proposals for positive action in any direction. Both the NAACP and NLC should be supported, realizing the different roles of the two organizations, though there may be some overlapping. Is this not the case in many fields?

Opposition to the existence of NLC represents a failure to see that the Negro Left and progressive force is still an integral part of Negro life. For without a national trade union body that will boldly tackle some of these problems from within the trade unions as well as from the outside, can there be developed a closer relationship between Negro and white workers based upon a higher understanding gained through common struggle, common action and common education?

Progressive union leaders very often insist that the NLC represents dual unionism. However, the three years performance of the Council has shown that this is not true, and that literally thousands of Negroes throughout the country have been stimulated to act within their own unions by the work and activities of the NLC. To this generally negative attitude, however, there are some exceptions among the independent

* Hugh Bradley, *Next Steps in the Struggle for Negro Freedom* (New Century Publishers, 1953), pp. 36-37.

unions. There seems to be the broadest support and activation within U.E., for example. Thus, the organizational report to the N.L.C. convention stated:

Local 475 of the U.E. has given full support to the New York Council in their membership drive. Last year they recruited 558 members. So far this year they have brought in approximately 600 members. The Negro and white leaders in this local union are active members in the Negro Labor Council. The white leaders in this local union have given every encouragement to the participation of the Negro union leaders in the Council, and at no time have they felt that the Negro Labor Council in any way represented dual unionism. They have expressed views that strengthening the National Negro Labor Council in its task does not weaken the union, but strengthens it by bringing the Negro and white workers closer together around a common problem and by bringing workers closer to the union.

This points up really what could have been done by all unions had they followed this example.

• • •

Objections are sometimes raised as to the "narrowness" of the Council. But can those who raise such erroneous objections be aware of such a well-publicized experience as that in Louisville, Ky., where the N.L.C. over the past three years conducted a major campaign to rally the Negro trade unionists and the Negro community in a campaign for jobs in the new General Electric plant?

First, there was need for vocational training for Negro youth to prepare them for skilled jobs. The Council pressed for—and won—from the Board of Education of that city a vocational training program in which there are more than 400 Negro young men and women now participating. Out of 2,000 workers hired to date in this plant of a total of 16,000 to be employed eventually, 85 are Negro workers. Eighty of them are in custodial and other unskilled occupations, but five have just been upgraded to production work.

How did the Council succeed in conducting this fight? It succeeded in rallying the NAACP, the Urban League, a section of the Negro church, the Kentucky Bureau of Negro Affairs, and numerous civic groups. Today, the Council has projected a plan for proportional employment; that is, Negroes to be employed in the new plant according to their proportional numbers in the city of Louisville. The Negro people are 16% of the population of Louisville. Therefore, the Council is demanding 16% of all jobs in G.E. This campaign is receiving increasing support, and the way is open to still greater participation of the labor movement in this fight.

Why cannot this be done in Chicago, New York, Los Angeles or any other place? Again, it is worth pointing out that from the first to the third convention, the Negro Labor Councils have scored victories in Sears-Roebuck in the following cities: Cleveland, Indianapolis, Detroit, Los Angeles, and Newark, N. J.

If the Council had done nothing else during its entire existence these examples alone would justify far more support than it is getting now.

* * *

Let us return to the Convention itself. This Convention again demonstrated that this organization, and the Negro workers generally, are capable of contributing decisively to the establishment of all-class unity among the Negro people, which is the very essence of the Negro liberation movement. In Cincinnati, the first convention inspired and attracted support from all of Negro life, including Negro business and professional people. The same thing happened in Cleveland.

One must conclude that in the course of three years there has matured a seasoned leadership within the N.L.C. Otherwise such leadership would have become frustrated and demoralized in the face of such problems. Instead, it became more solidified, more businesslike, more determined. This is of the greatest significance.

This convention addressed itself to a number of basic and vital questions which, if tackled successfully, can mark a tremendous step forward in the fight for democracy, the fight for peace and the fight for Negro liberation.

Much more than the last convention, this convention, while concentrating on a number of important economic issues, integrated fully the question of the fight for peace, the fight against McCarthyism, the ques-

tion of the fight against colonial oppression, the fight for Negro representation, etc. Thus, a more rounded program was put forward, opening up tremendous possibilities for further growth and development of the Council's work.

It was well known even before the convention met that the center of its whole work in the coming period would be tackling the disgraceful situation that exists in the railroad industry. An excellent leaflet was issued as part of the convention preparations by the national office of the National Negro Labor Council. This leaflet, "Make Every Train a 'Freedom Train'—End Jim Crow Hiring on the Railroads!" begins:

Did you know that—

- In 1890 there were more than 6,000 Negroes employed as firemen by the nation's railroads?
- TODAY there are less than 1,000 Negro firemen at work?
- In 1908 90% of all road service jobs were held by Negroes?
- In 1949 less than 2% of these workers were Negro?
- Of the 128,000 jobs held by Negroes on "Class I" railroads (9% of total employees), 97% of these Negro workers were confined to jobs as red caps, cooks, waiters, train attendants, maintenance of way laborers, baggage room and station attendants and janitors?
- Of the 46,000 conductors not one is a Negro?
- Of the 36,000 telegraph operators not one is a Negro?

The very posing of these seven questions was one of the most dev-

astating indictments against the railroads' policy with respect to Negroes. This convention went further. It analyzed the long history of the railroad industry and its relationship to the Negro masses. In addition, the convention discussed detailed proposals aimed at making the South, in fact, a real concentration and concern of the National Negro Labor Council and the American labor movement. Among other things the convention urged the labor movement to return in earnest to the task of organizing the unorganized in the South. It dealt sharply with the runaway shops exemplified by the textile industry which today has over 500,000 workers in the South, all in practically lily-white shops. The Convention likewise pointed out the very serious situation confronting Negroes in tobacco work, the lumber mills and other Southern industries, emphasizing the necessity of Negro-white unity, both North and South, as one of the cornerstones upon which to build an organizing drive. It was pointed out that over a quarter of a million lumber workers in the South, a large number of them Negro workers, receive 50% of the wages paid by the lumber mills in the Northwest.

In addition to a booklet outlining the fight to improve the conditions of working women in our country, and particularly the Negro women, the main report to the convention stated: "The general economic plight of Negro women workers has not improved since our last convention. In 1950 the average annual

earning of all Negro women was \$472."

A scathing indictment was given many corporations in this country—G.E., G.M., Chrysler, Ford, and a whole host of others—that exclude Negro women or hire them only for menial jobs.

On the question of civil rights, the Convention challenged the false allegations of McCarthyism and the Attorney General and expressed the determination of the Council to push its program and resist the attacks of the Department of Justice. The Convention also resolved to rally together with all democratic forces in the struggle against McCarthyism, at the same time rallying side by side with broad sections of the Negro people and labor in a greater surge forward in the fight for Negro freedom. The program which the convention adopted reads as follows:

1. Increased concentration on the fight in basic industry for model FEPC clauses, upgrading, on-the-job training, etc.

2. That we make plans to step up our job campaign in runaway shops in the South and rural areas and at the same time give every support and encouragement to the efforts to organize the Negro and white workers of the South.

3. That we must come to stronger grips with the airlines as a related campaign to the railroad fight in the coming year.

Then it calls for the setting up of Youth committees to give attention to an industrial training program

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somewhat along the lines of the Louisville plan.

There was a pledge to give all support in the fight for jobs for Negro women and to step up the campaign to involve Negro women in the campaign for the rights of women. The convention proposed to set aside one day as Negro Women's Day, this to be a part of the campaign to break down discrimination against women. In addition to this, the convention went on record to give full support to the colonial peoples in their struggle against enslavement.

There can be no doubt that this convention marked a great step forward and revealed still greater possibilities for heightening the struggle for Negro freedom, for democracy and peace in our country. Progressive labor must reject therefore the argument that the Negro Labor Council is too narrow to conduct struggles or to influence events. It must reject all arguments to the effect that the Council is too Left and too narrow to attract the Negro masses.

If the convention program is developed in a many-sided manner, aimed at rallying thousands of Negro and white workers, and all democratic forces, this will represent a big step toward the development of parallel movements within the NAACP and other groups, while effecting a great change in the labor movement.

Our Party must be second to none in its support of the Council and in combatting arguments against the Council, which are expressions of

subtle chauvinism on the one hand and widespread capitulation to chauvinism and Right-opportunism on the other.

As was stated in the recent National Conference of the Communist Party:

The most insidious expression of white chauvinism is passivity in the struggle for Negro rights. Essentially this represents a capitulation to white chauvinism, because it reflects a lack of confidence that the masses of white workers can be won for the struggle for Negro rights when correctly presented to them as a struggle which is in their own direct and immediate interests. Hence, the most important form which the struggle against white chauvinism must take, is the political and ideological mobilization of the Party for tireless activity in the struggle for Negro rights, particularly on the main issues—the fight for jobs and FEPC, against all forms of discrimination in housing and social life, the right to vote, Negro representation, the fight against lynchings, etc. The leadership in the struggle against the influences of white chauvinism among the masses must be taken up by our white comrades.*

The Council, it would seem from the convention proceedings, now faces the task of establishing contacts with all mass production industry unions—especially steel—through the widespread Negro caucus movement. It is known that these caucuses and clubs of Negro workers are organized to protect the

* Andrew Stevens, *New Opportunities in the Fight for Peace and Democracy* (New Century, 1953), pp. 50-51.

rights of Negro workers in the plants and unions. There is, therefore, a unity of a parallel character already existing between them and the Council. Such contacts between the Council and the broad movement of Negro workers on a national scale, would contribute a great deal, if only informally, toward developing stronger trade-union action on Negro rights. Certainly, vital is the Council's fight for the adoption of the model contract in steel, auto, railroad, and the rest of the labor movement.

Clearly of great importance, too, is the broadening of its leadership from the A. F. of L. and C.I.O., the United Mine Workers, railroad unions, etc. If there is a clear understanding of the important role that the Council can play, and active assistance to it from all sections of the progressive movement, its effectiveness can be greatly heightened.

* * *

There should be no exaggeration of the role of the Council by assuming that it is *the* Negro liberation movement. But, equally important, there should be an end to the under-

estimation of the role of the Council, which only serves to negate the contribution that it is making to the general labor movement.

Without a doubt, the Council has influenced a large section of the American labor movement—especially U.A.W., packinghouse workers, and the independent unions—and it can have a significant impact upon the A. F. of L.

We should face the fact that although there are close to two million Negroes in the organized labor movement, with the A. F. of L. itself claiming a million and a half, Negro workers are not in positions of decisive leadership in any international bodies of the labor unions, except a few all-Negro unions, such as the Pullman porters and dining-car workers. Consequently, they need other instrumentalities to unite the Negro workers in order to make firmer the alliance between Negro and white workers and between the Negroes in the various industries. The National Negro Labor Council is one of the very important instrumentalities to achieve this end.

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On the Slogan "Free by '63"

By Abner W. Berry

THE JUBILATION which greeted the Emancipation Proclamation when it went into effect at the stroke of midnight beginning the year 1863 expressed a welling hope which has yet to be fulfilled. After 90 years of unremitting struggle for first-class citizenship, Negro groups throughout the country have adopted the slogan "Free by '63." As presented to the 44th Annual (1953) Convention of the N.A.A.C.P., to accompany the slogan there was to be a "ten-year crusade" for freedom. The year 1963, the centennial of the effectuation of Lincoln's wartime measure, should see jimcrow completely defeated in the United States, according to the leaders who proposed the slogan as a summary of a program of action for Negro rights.

The proposal of a "ten-year crusade" excited spirited debate in and out of the convention. Some delegates—especially Southern middle-class Negroes—were skeptical of the slogan's effectiveness, although they voted for it. On the other hand, some others, leaning more to the Left and coming mainly from Northern industrial areas, thought the ten-year

plan was too slow, was gradualism in a new guise. The youth delegates who, as one of them stated, "will have a longer time to live under freedom," pressed enthusiastically for a plan of work, establishing goals to be reached by a set time.

"Leftist" critics tended to discount entirely the legal and parliamentary fight for first-class citizenship carried on by the N.A.A.C.P. and other middle class-led groups. To these critics, the slogan's origin is not the pressure of the Negro masses, a pressure which has to be honored by the middle-class leaders—and this *is* the slogan's basic origin—but an attempt on the part of the reformist leaders to hoodwink the Negro people. Therefore, these critics would ditch the slogan along with the methods of struggle advanced by the reformists for realizing it.

Obviously, a slogan of such far-reaching importance is bound to raise important ideological and tactical questions. In his report to the recent national conference of the Communist Party, Hugh Bradley said:

Clearly from this point on, the con-

cept of setting a date by which time Negro freedom must be achieved will gain increasing headway among the Negro People. (*Next Steps In the Struggle for Negro Freedom*, p. 14.)

Bradley affirms as a basic task of Communists, "helping to unite the Negro people in support of a minimum national program for complete equal rights" (p. 25). Therefore, he turns to a searching analysis of reformist leadership, and points out:

The strategic line of march advocated and fought for by Negro reformist leaders will never achieve total integration for the Negro masses, and is incapable of bringing about the complete emancipation of the Negro people from national oppression (p. 28).

In further discussing the limitations of this leadership, Bradley, in the report cited above, pointed out:

The stated goal of the Negro movement, as outlined by a majority of its leaders, is that of total integration, without discrimination or segregation, into every sphere of American society, *as it is presently organized and functioning*. . . . Implicit in the theory of the integrationist school of thought is the idea that the prime source of the problems of the Negro people is to be found in the fact that white people are against Negroes because they are black and dark-skinned.

Clearly analyzing the inadequacies of this viewpoint, Bradley then writes:

The program of total integration as conceived by Negro reformers is one-sided and inadequate; it all but ex-

cludes the class position of Negro workers in industry; it fails to take into consideration the nature of the crisis confronting the Negro agricultural masses; it denies completely the existence of an oppressed Negro nation in the Deep South (pp. 24-25).

True freedom for the Negro people cannot be attained so long as the national character of the Negro question is ignored. For the lack of freedom for the Negro people everywhere in the United States has its roots in the special position which the Negro masses occupy in the Deep South's plantation area where they constitute a subject nation. It is within this area that sharecropping, alternating with 35-cent-an-hour wage labor, remains the source of enormous profits for insurance companies, banks, and their big landholder clients. The state and local governments in this area are organized for the express purpose of protecting the exploiters in their continued subjugation of their Negro and white victims. The courts, legislatures, and the executive offices of government each play their particular roles in enforcing white supremacy. The textile, chemical, electrical and other industries, running away from unionized shops in the North, find the depressed wages of white workers to their liking, and the political disfranchisement of the Negro people makes it easier for the runaway monopolists to control the local governments.

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South governments as "presently organized and functioning." Real freedom—Negro liberation—has to be based upon a program to free the more than 4,000,000 Black Belt Negroes who remain the victims of national oppression at its source. This means a program for the landless sharecroppers and agricultural workers; breaking the monopoly of the white supremacists at the ballot boxes in the nearly 300 counties of Negro majority throughout the South; combining the legal fight for first-class citizenship with the mass fight for the economic demands of the Negro workers, farmers, and farm laborers. Without such a program there can be no really effective advance even toward the realization of the limited objectives set by the middle-class Negro leaders, as the history of the past ten years proves.

A recent report to the Pacific Coast conference of the N.A.A.C.P. revealed that the gains made by Negro workers during World War II in that area are "outweighed" by newer problems of unemployment, housing segregation, and a growth of anti-Negro attitudes on the part of real-estate brokers, banks, big employers and leaders of local government.

Labor Department statistics illustrate more precisely the nature of the problems confronting Negro workers. In 1945, Negro families living in cities earned incomes which were 66% of those earned by white workers; but by 1951, despite the Korean

war "boom," the figure dropped below 58%. Again, while white urban families had increased their 1945 earnings from \$3,100 to \$3,600 by the time the 1950 census was taken, Negro urban families reported the same income received in 1945—\$2,100.* The 1952 *U. S. Statistical Abstract* in an analysis of census samplings, estimates that one-fourth of all Negro families earn less than \$500 annually, and that more than one-half of all Negro families must get along on less than \$1,999 a year.

It can be seen at a glance that the widely heralded "gains" of the Negro people over the past ten years are gains of a peripheral character. The break in school segregation, U. S. Supreme Court decisions in housing, juries, etc., the hiring of a few Negro professionals and skilled workers here and there, the integration of Negro and white soldiers in some army outfits—all of these have not changed the basic character of Negro oppression. The Negro workers' relative position, actually has deteriorated.

However, we must not fail to recognize that the legal and legislative fight against jimcrow contributes to the total fight for ultimate freedom. Although the gains from this fight have been only on the periphery, it cannot be disputed that the very raising of the Negro ques-

* Bulletin No. 1119, Bureau of Labor Statistics, Dept. of Labor.

tion in the courts, especially as has been done in the cases against school segregation in 17 states and the District of Columbia, has served to make millions for the first time conscious of—and concerned about—the jimcrow system. This 20-year legal assault on the jimcrow system has won many new friends to the fight for Negro freedom and helped make the Negro question an issue of national importance. But at the same time the lessons of the past twenty years show that *unless the working class makes the fight for Negro rights a part of its own program*, then only minor concessions can be won in this fight, and the alliance of the Negro people and the working class will be delayed.

But even the movement seeking these relatively minor concessions, it must be said, is endangered by the vacillating middle-class leadership which adopts the basic war program of big capital with its Red-baiting and labor-splitting at the same time that it gives voice to the genuine demands of the Negro people for an end of the jimcrow system.

All of the forces for staging an all-out fight against Negro national oppression and thereby enlarging the nation's democratic horizon are present today. Since World War I there has been a constant influx of Negro workers into industry, so that now the Negro's position and strength in basic industry cannot be ignored. The organization of the C.I.O. began a

process (still developing) which has brought more than 1,500,000 Negro workers into membership of trade unions—AFL, CIO and independent. The right-to-vote movement in the South has won important victories and placed more than a million Negro names on Southern voters' lists. There is a unity of every organization on the program for full first-class citizenship. This includes the fraternal organizations, Greek letter societies, every church denomination and the organizations of Negro workers. Added to these are the labor federations and independent unions, sections of the general church movement, various liberal Democratic groups, and the entire Left-progressive movement. It is more than significant to note here that not one nation-wide Negro organization has followed the line of the NAACP, established at its 1950 Boston convention, in declaring itself an "anti-Communist organization." This is important, since it indicates that the line of the National Baptist convention, as stated in 1950, holding that Left-progressive Negroes cannot be outlawed in the Negro community by the white rulers, prevails in most Negro organizations.

If jimcrow is to be defeated by 1963, there must be developed a united movement of all these groups, representing all classes among the Negro people. Concerning the petty bourgeoisie Hugh Bradley writes:

It is because of the tenuous and unstable position of the Negro petty bour-

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geoisie in all spheres—economic, political and social—that it is quite possible and correct to advance the policy of an all-class united national Negro movement, inclusive of important sections of the Negro petty bourgeoisie. The Negro petty bourgeoisie derives its progressive potential in part from its rejection by the dominant capital in the country, from the absolute and arrogant refusal of Wall Street to grant any major concessions, and from its continued dependence upon the Negro market.

At present the Negro workers, Bradley continues, are a "subsidiary of the (Negro) bourgeoisie," in that the Negro workers are not now in the leadership of the Negro liberation movement. But if all-class unity is to be achieved and the "ten year crusade" is to be a success, then the Negro workers will have to assume the leadership of the Negro people's movement, thereby making "possible the realization of the progressive potential inherent in the Negro petty bourgeoisie." This development is dependent upon how well the more than 1,500,000 Negro workers in trade unions are mobilized, the extent of their impact and influence upon the entire trade-union movement in the fight for Negro-white labor unity, the fight against white chauvinism and the efforts to win an alliance of the Negro people and the working class.

The third annual convention of the National Negro Labor Council, held last December in Chicago, gave some indications of the independent

movement of Negro workers in the freedom crusade. Although concerned primarily with the economic demands of the Negro workers and their problems within the trade-union movement, the convention recognized the leading role of Negro workers in the liberation movement of the Negro people. The convention indorsed the "Free By '63" slogan; but in so doing proposed a working-class line of struggle for its realization. For the Negro workers at the convention, freedom was related to the right to work at all jobs, the right to be upgraded, for enforcement of FEPC contract clauses in union contracts, etc.

The Negro workers had experienced the effects of McCarthyism in the plants where stewards and grievance committee members who fought for the rights of Negro workers were branded "Communists" and persecuted by both plant personnel and anti-Communist union officials. They therefore refused to go along with the anti-Communist hysteria, but pledged to fight against the listing of their organization as "subversive" by Attorney General Brownell and the order of the McCarran Act board that the group register as a "Communist front organization."

Speaking of the "Free by '63" movement, Coleman Young, NNLC secretary, declared:

The E. E. [Equal Education] campaign started by the *Pittsburgh Courier* and the NAACP "Free by '63" slogan are proof that the Negro people are

moving into greater motion politically. Once political support of our economic fight is upon the scene, these things will be ours.

In the N.N.L.C. there was witnessed Negro workers' efforts to escape being a "subsidiary of the bourgeoisie." But back of the N.N.L.C., and not yet fully represented by it, are the Negro trade-union caucuses in almost every big industrial plant where sizable numbers of Negroes are employed. In addition to these caucuses, there are social clubs of Negro industrial workers, especially in the steel industry, through which the Negro workers seek to protect their interests in the plant, union and community. In many ways the Negro workers are seeking to place their imprint upon the Negro freedom movement.

"Free by '63" can be realized if all of these rivulets among the Negro workers can be gathered into a powerful stream, affecting the entire organized labor movement. For a force representative of over a million-and-a-half workers cannot be long ignored.

If the fight to realize the slogan "Free by '63" is of such importance to the trade-union movement, it is also of tremendous importance to the Communists and Left-progressives in and out of the trade unions. For this slogan which has arisen out of the militant mass movement of the Negro people cannot be left to the

reformist leadership to be covered with illusions, thwarted by vacillations and perverted into a new-style gradualism, as dictated by the needs of post war American imperialism. To be "Free by '63," means planned and systematic work for Negro rights in industry and neighborhood; it means an increased fight against white chauvinism, especially that form of white chauvinism which expresses itself in complacency with the jimcrow system; it means conducting a consistent fight for improving the ideology of the workers as to the nature and content of Negro oppression and its relationship to the bread and butter issues confronting the labor movement. And it means giving all assistance to the expansion of the National Negro Labor Council as one of the most important voices of the Negro and white workers on the fight for Negro equality.

In short, "Free by '63"—if by this is understood the immediate objective of ending segregation and discrimination—is a slogan which has to be fought for; and in fighting for it thereby to help move it from integrationist by-ways into the path of struggle for Negro liberation. It is only in this way that the shortcomings of the middle-class Negro leaders can be overcome and the struggle for real freedom of the Negro people advanced.

The Garvey Movement

By William Z. Foster

(We are happy to bring to the readers of Political Affairs the following chapter from William Z. Foster's new book; The Negro People in American History, soon to be issued by International Publishers.)

THE UNIVERSAL NEGRO Improvement Association (U.N.I.A.), was organized in Jamaica by Marcus Moses Garvey, who spread it to the United States. Garvey was born in Jamaica, British West Indies in 1867. He was a printer, and at 18 was managing a print shop. Extremely intelligent, Garvey quickly interested himself in the problems of the Negro people. "I was not made to be whipped," he declared. He read the writings of Booker T. Washington and was deeply influenced by them. Washington invited him to come to the United States, but the Tuskegee leader died in 1915, before Garvey finally got here. In 1914 Garvey established the U.N.I.A. in Jamaica, and traveled widely in the West Indies to popularize it. But he had no great success until after he arrived in the United States, on March 23, 1916. At this time a substantial immigration of Negroes was beginning to come into the United States from various parts of the West Indies—Cuba, Puerto Rico, Haiti, Jamaica, Trinidad, etc. These West Indians,

with a long tradition of struggle behind them, have ever since played an important part in the cultural life and political struggles of the Negro people.

The U.N.I.A. took root immediately on American soil and flourished like a green bay tree. The organization established headquarters in New York. Garvey was its secretary general and *The Negro World* its official organ. This paper quickly became the largest Negro journal in the world. By 1919, the U.N.I.A. had 30 branches in various parts of the country. By 1921, according to W. B. Yearwood, assistant secretary general, the organization had 418 chartered divisions, with 422 more in formation but not yet chartered. In the same year Garvey claimed four million members throughout the world, with two million in the United States. Negro opponents of Garvey ridiculed these claims and produced widely differing and often drastically lower membership figures. William Pickens claimed he did not have 1,000,000

enrolled,¹ and W. A. Domingo of the *Messenger* group said that, on the basis of official U.N.I.A. financial reports for the year following September 1920, the actual paid-up membership was only 17,784 members.² W. E. B. Du Bois, in 1923, also put the dues-paying figure as low as 18,000.³

Whatever the actual paid-up membership of his U.N.I.A. may have been, the incontestable fact is that Garvey had a tremendous following among the Negro people. His movement was based on the migrants from the South; it was led by the petty bourgeoisie, and it consisted mainly of workers. Garvey moved the Negro millions as never since Reconstruction days and the Populist period. Garvey's militant program and spectacular organizing methods had a tremendous attracting power for the harassed Negro people in this country, both North and South. The movement also exerted a considerable influence throughout the world. Everywhere that masses of Negroes lived, Garvey's name was familiar; and to the U.N.I.A. conventions came delegates from Africa, the West Indies, and Central America. The British and French governments took active exception to Garvey's activities in their African colonies, by barring Garvey's agents and intervening against him with the United States Government.⁴

The growth of the U.N.I.A. was without parallel in Negro history. The basis for its great expansion in the United States was to be found

in the severe conditions of exploitation and oppression under which the Negro masses suffered. This was a time of hard economic conditions in the South, of mass migration, of brutal lynchings and race riots, and of K.K.K. terrorism. Behind the ensuing Negro discontent were also the tremendous employers' offensive and the workers' defensive struggle of the period. Especially pronounced were the influence of the great Russian Revolution, with its stirring slogans of national and social equality, and also the international revolutionary spirit of the working class in Europe. Negative causes for the success of the movement were the failure of the conservatively-led N.A.A.C.P. and Urban League to give militant leadership to the embattled Negro people, and the widespread white chauvinism in the A. F. of L., Socialist Party, farmers' organizations, etc. Garveyism came as a flash of hope to the doubly exploited and oppressed Negro masses. Its militancy fitted in with the indomitable fighting spirit expressed by the Negro people during the bitter years following World War I.

A Negro commentator thus describes the enthusiasm behind Garvey's leadership: "The bands of black peasant folk flock to Garvey. They worship him. They feel he is saying the things which they would utter were they articulate. They swarm to hear his fiery rhetoric. They pour their money into his coffers. They stand by him through thick and thin. They idolize him as if he were

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a black Demosthenes." Negro women took an active part in the whole movement.

The first national convention of the U.N.I.A. was held in New York. This gathering worked out the basic program of the organization, consisting of a Preamble and a Declaration of Rights in 54 articles.⁶ This program was couched in militant, fighting terms, and was both national and international in character. The Preamble declared that "The European nations have parcelled out among themselves and taken possession of nearly all the continent of Africa, and the natives are compelled to surrender their land to thieves and are treated in most instances like slaves." Strong protest was also made against the barbarous conditions of life of the Negroes in the West Indies and other colonial areas. But the heaviest fire was directed against the oppression of the Negro people in the United States. The Preamble denounced lynching, Jim Crow, race riots, discrimination in jobs and wage rates, inadequate education, denial of the right to vote, lack of justice in the courts, and the general state of terrorism under which the American Negro people were compelled to live.

The Declaration of Rights demanded in detail redress of the innumerable burning grievances of the Negroes in various parts of the world. It demanded the liquidation of every form of segregation and Jim Crow; it boldly called upon Negroes to disregard all discriminatory laws and

to use every available means to defend themselves from such oppression; it urged them not to pay taxes to governments in which they were not represented; it protested the compulsory enlistment of Negroes; and it advised the Negro peoples of Africa to violate the laws which deprived them of their lands.

The political center of the Declaration of Rights was in points 13 and 15, which declared: "We believe in the freedom of Africa for the Negro people of the world, and by the principle of Europe for the Europeans, and Asia for the Asiatics, we also demand African for the Africans at home and abroad." And, "We strongly condemn the cupidity of those nations of the world who, by open aggression or secret schemes, have seized the territories and inexhaustible material wealth of Africa, and we place on record our most solemn determination to reclaim the treasures and possessions of the vast continent of our forefathers."

In support of this general line, all Negroes were declared free citizens of Africa, and the right of self-determination for all peoples was endorsed as a general principle. Specifically, the demand was made for the right of self-determination for Negroes, "wheresoever they form a community among themselves." Such communities "should be given the right to elect their own representatives to represent them in legislatures, courts of law, or such institutions as may exercise control over that particular community." The

Declaration insisted upon the right of the Negro people to full recognition internationally, and it condemned the League of Nations "as being null and void so far as the Negro is concerned, in that it seeks to deprive the Negroes of their liberty."

BACK TO AFRICA

The central political slogan of the Garvey movement was "Back to Africa." Garvey held that it was impossible for Negroes to get justice in countries where they formed a minority, and that they must migrate to Africa, their traditional homeland. He cultivated this plan with all the skill of a great master of mass agitation. In this respect he has hardly been excelled by any agitator in American history. In the early, militant stages of his movement, he understood profoundly how to appeal to the oppressed and insulted Negro people and give them a new sense of national pride, dignity, hope, and power. He went beyond mere verbal propaganda, actually setting up in the United States a miniature replica of the governmental regime that he hoped to create in Africa. In 1921, he organized the Empire of Africa with himself as head and also set up "armed forces," with which eventually to clear Africa of white invaders.

"The West Indian Garvey," sums up Haywood, "proposed for the regenerated Africa a governmental structure which was an amalgam of British feudal forms and the struc-

ture of American secret societies. He ruled with the aid of a Potentate and a Supreme Deputy Potentate, a nobility including Knights of the Nile, Knights of Distinguished Service, the Order of Ethiopia, the Dukes of Nigeria and Uganda. A flag of 'Black, Red, and Green' was adopted as the national colors—'Black for the Race,' 'Red for their Blood,' and 'Green for their Hopes.' He set up a skeleton of the army of the future Negro state, founding the Universal African Legion, the Universal Black Cross Nurses, the Universal African Motor Corps, the Black Eagle Flying Corps, equipping them with uniforms and selecting their officers."⁷ Garvey adopted a Negro national anthem. He conducted his movement with a maximum of spectacular parades, demonstrations, and the other fanfare of revivalist techniques, all carried out with most intense Messianic zeal.

The Back-to-Africa movement undoubtedly exerted a strong pull upon the Negro people. It expressed their traditional longing for land and freedom, and it dovetailed with historic tendencies among the Negro people to migrate out of the South—to Africa, to the West Indies, to Canada, to the West, to the North—anywhere to escape from the purgatory of the Southern planters. But the Negro people were realistic enough, even during the high thrills and excitement of the Garvey movement, to realize that, at most, comparatively few of them could ever reach Africa, at least within a measurable time.

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A most important factor that accounted for the great upswing of the Garvey movement during its early stages was its aggressive protest against the wrongs inflicted upon the Negro people and its ringing demand for their redress. This fitted right in with the rising militancy of the Negro people during these crucial post-war years of offensive by the employers and struggle by the masses. This was the time of the "New Negro," as expressed in *The Messenger*, *The Crusader*, *The Challenge*, *The New Emancipator*, and other fighting journals and books of the period. The "New Negro," as conceived by *The Messenger*, was one who was quite willing to die, if need be, in defense of himself, his family, and his political rights. He stood for "absolute social equality, education, physical action in self-defense, freedom of speech, press and assembly, and the right of Russia to self-determination."³ Garveyism flourished in its initial militancy and expanded in the midst of this growing spirit of struggle.

DISASTROUS BUSINESS VENTURES

Translating his burning nationalist evangelism into deeds, Garvey proceeded to prepare for the actual transportation of his people to Africa. He set out to organize a line of steamers, manned by Negroes, which would ply between Africa and the Americas. To this end, with his customary fiery zeal, in 1919 he in-

corporated the Black Cross Navigation and Trading Company, to be capitalized at \$10 million under the laws of New Jersey, and set up the Black Star Line of steamships. From his enthusiastic followers he collected up to a million dollars, mostly by selling stock. No white person was allowed to purchase shares. The company finally bought a couple of small ships, the *General G. W. Goethals* (renamed the *Booker T. Washington*), and the *Yarmouth*. It had contracted for three others, the *Kanawha* (to be the *Antonio Maceo*), *Shadyside*, and *Orion* (to be called the *Phyllis Wheatley*). Actually, a few voyages were made to Europe and Africa, but at catastrophic losses. The Black Star Line collapsed and the whole enterprise went into liquidation on April 1, 1922.

These business ventures were most unfortunate for Garvey and the U.N.I.A. How much Garvey was responsible for the welter of corruption that developed in the organization is problematical. The probability is that he, personally, was financially honest, but he was surrounded by a number of crooks and incompetents who flocked into the company when the money began to pour in. They voted themselves high salaries as officials of the company and played fast and loose with its assets. The steamer *Yarmouth*, carrying a cargo of whiskey, lost the fabulous sum of \$300,000 on one voyage. Garvey was a very great political agitator; but he obviously knew little of the complexities of business and less

of the wiles of business thieves. He kept no real books or accounts and published no financial reports. It was finally estimated by the courts that the general loss on the whole venture amounted to some \$688,515.

The government, which conveniently ignored lynchers and exploiters of Negroes, sanctimoniously held Garvey responsible and, in January, 1922, indicted him for fraudulent use of the United States mails. Garvey fought back, charging that he had been victimized by his enemies, especially the N.A.A.C.P. and the British and American governments, all exceedingly hostile to the U.N.I.A. He accused his trial judge, Julian W. Mack, of being a member of and contributor to the N.A.A.C.P.⁹ He was found guilty, sentenced to five years in prison,¹⁰ and sent to Atlanta Federal penitentiary in 1925. There he served two years, after which, pardoned by President Coolidge in 1927, he was deported to Jamaica. For several years thereafter he was active politically in the West Indies, but not too successfully. He eventually made his way to London, England, where he died in obscurity in 1940.

THE POLITICAL DECAY OF GARVEYISM

While the financial debacle of the Black Star Line was in the making, the U.N.I.A. itself was going through a process of political decay. Garvey was gradually shedding his early radicalism, and taking on a conserva-

tism which amounted to a surrender of the Negro people into the hands of their worst enemies on a national and international scale. Garvey tended more and more toward the supplanting line of his friend, Booker T. Washington. The political degeneration of the Garvey movement was directly related to the subsiding of the great post-war struggle of the workers in this country and also to the temporary lull in the profound revolutionary movement which shook Europe in the early years after World War I. Garvey took the line of surrender characteristic of Social-Democratic and national reformists. This collided with the basic interests of the harassed Negro masses, and his movement proceeded to fade away. Its decline set in early in 1921.

Garvey dropped his demands for Negro rights and concentrated everything upon his utopian plan of a mass return to Africa. Benjamin J. Davis, Jr., later stated that "Garvey would surrender the fight for the complete freedom of the Negro in America, and in other lands which they helped to build, for the fantastic dream of a trek to Africa."¹¹ Indeed, although denying it, Garvey actually became an enemy of all struggle for Negro rights in the United States. He sharply opposed trade unions (which had long Jim Crowed Negroes), and warned the Negro "to be careful of the traps and pitfalls of white trade unionism. . . . It seems strange and a paradox, but the only convenient friend the Negro worker or laborer has, in America, at the

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present time, is the white capitalist. . . . If the Negro takes my advice he will organize by himself and always keep his scale of wages a little lower than the whites until he is able to become . . . his own employer." Garvey also stated that "Capitalism is necessary to the progress of the world, and those who unreasonably and wantonly oppose or fight against it are enemies to human advancement."¹²

Garvey deprecated all struggles for social equality for Negroes. He said "Let foolish Negro agitators and so-called reformers, encouraged by deceptive and unthinking white associates, stop preaching and advocating the doctrine of social equality."¹³ As Robert Minor put it, "By a process of elimination, all demands which were offensive to the ruling class were dropped one by one and the organization settled down to a policy of disclaiming any rights for the Negro people in the United States."¹⁴ Instead of his early threats to refuse to obey segregation laws and to oust the imperialists from Africa, Garvey later put out the slogan, "The Negro must be loyal to all the flags under which he lives."¹⁵ From holding a friendly attitude toward the U.S.S.R., Garvey became a militant Soviet hater.

The U.N.I.A. degenerated into a mass deportation movement, hardly to be distinguished from the old reactionary American Colonization Society, launched in 1817. Garvey appealed to the white chauvinism of the ruling class with his offer to set

tle the Negro question by getting rid of the Negroes altogether, by shipping them off to Africa. He visited Colonel Simmons, Imperial Grand Wizard of the Ku Klux Klan,¹⁶ invited him to speak at the U.N.I.A. convention and praised the K.K.K. publicly. He also negotiated with various anti-Negro Southern senators and congressmen for co-operation. Du Bois charged that Garvey had plans afoot to get the Klan to finance the Black Star Line and that "the Klan sent out circulars defending Garvey and declaring that the opposition to him was from the Catholic Church."¹⁷ Characteristically, in April 1938, when Senator Bilbo of Mississippi introduced a bill to deport 13,000,000 Negroes to Africa, Garvey's wife supported it.¹⁸

After Garvey's imprisonment, the U.N.I.A., a prey to internal disruption and outside pressure, rapidly declined. Factionally split, remnants of it still exist, however.¹⁹ The movement gave birth to a series of minor groupings, such as the 49th State Movement, the Peace Movement for Ethiopia, and others.

Garvey and his U.N.I.A. constituted a definite threat to the established leadership of the Negro people, as represented by the N.A.A.C.P., the Urban League, and the leading Negro journals. Garvey's movement not only menaced their policies. It also strove to destroy the whole groundwork of these organizations by turning the Negro people's attention to Africa and, if possible, by transporting masses of them there.

Consequently, the leaders of the established Negro bodies generally met Garvey's offensive with a strong counterattack. Garvey made few attempts to conciliate these enemies; instead he called them "opportunists, liars, thieves, traitors, and bastards."²⁰ He especially attacked the Mulattoes among them, declaring that they were not Negroes.

W. E. B. Du Bois, the influential editor of *The Crisis*, chief organ of the N.A.A.C.P., characterized Garvey as "a sincere, hard-working idealist," but also, "a stubborn, domineering leader of the mass." Later, when Garvey had developed his spectacular financial ventures and conservative policies Du Bois said of him: "He is not attacking white prejudice, he is grovelling before it and applauding it; his only attack is on men of his own race who are striving for freedom."²¹ But this attack was mild compared with the blasts coming from other Negro leaders. The A. Philip Randolph group, who initially were members of the U.N.I.A., were especially violent, denouncing Garvey in every key. Eight of them went so shamefully far as to write a letter to U.S. Attorney General Dougherty, on January 19, 1922, demanding that Garvey be deported and that his "vicious movement be extirpated." They assailed Garvey with every insult, even regarding his physical appearance.²²

The Communist Party, then newly established, took a critical, although friendly attitude toward the Garvey movement. Robert Minor

called the U.N.I.A. "the most important mass phenomenon to be found in the sphere of Negro activities since reconstruction days. In a thousand sleepy villages today, tens of thousands of suffering and oppressed Negro laborers are meeting together and talking about their wrongs."²³ The Communist Party, which opposed the Back-to-Africa slogan, sent a letter to the 1924 convention of the U.N.I.A., criticizing mistakes of the organization and pledging support to the general liberation fight of the Negro people. The letter, signed by Charles E. Ruthenberg and William Z. Foster, thus stated the Party line: "We stand for driving the imperialist powers out of Africa and for the right of self-determination of the peoples of Africa. In taking this stand, we point out that it need not and must not involve a surrender of the Negroes' rights and equality in America or any other land."²⁴

GARVEYISM: NEGRO NATIONALISM

The U.N.I.A. was a Negro bourgeois nationalist movement, a sort of Negro Zionism; and Garvey was a bourgeois nationalist leader. Garvey talked mainly in terms of "race"; but the whole import of his movement was in the spirit of a Negro "nation." Often, in fact, Garvey did speak in definitely national terms. This was the meaning of his whole concept of an African empire with a nobility, an army, and state trappings. Garvey said, "The Negro must have

a country and a nation of his own."²⁵ He declared also that the 400 million Negroes "are determined to solve our own problems by redeeming our Motherland Africa from the hands of alien exploiters, and found there a government, a nation of our own, strong enough to lend protection to the members of our race scattered all over the world."²⁶ Garvey was speaking as a nationalist, too, when he said, "This is the Negro's job—that of remodelling our present civilization."²⁷ His glorification of Negro history had the same nationalist content. And it was in the same spirit that Garvey declared that the Negro people proposed to "take a leaf out of the book of George Washington."

Garvey's was the voice of the Negro petty bourgeoisie, seeking to secure the leadership of the Negro people by subordinating their national feelings and needs to class interests. It was trying to develop commercially, industrially, and politically. This was the significance of the whole string of co-operative enterprises—grocery stores, laundries, restaurants, hotels, printing plants, and, above all, the Black Star Line—which his movement built up. Planning to create a great Negro state in an industrialized Africa, Garvey was obviously speaking not merely in the vague, indefinable terms of "race," but in concrete and definite concepts of bourgeois nationalism. What he had in mind for Africa was some kind of replica of capitalist society in

the United States.

Authorities on the Negro question are generally agreed that Garvey was an outspoken Negro nationalist. Haywood correctly sums up the Garvey movement as follows: "The huge movement led by Garvey cannot be explained purely by the personality of its leader. Yes, Garvey did have 'something,' and that 'something,' stripped of all the fantastic and bombastic trappings which marked the movement, was a deep feeling for the intrinsic national character of the Negro problem."²⁸

NOTES

1. Harry Haywood, *Negro Liberation*, p. 197.
2. *The Crusader*, October, 1921, New York.
3. *The Crisis*, June, 1923, New York.
4. *Journal of Negro History*, October, 1940.
5. Eric D. Walrond, *The Independents*, January 3, 1925.
6. Amy Jacques Garvey, ed., *Philosophy and Opinions of Marcus Garvey*, pp. 135-42, New York, 1926.
7. Haywood, *Negro Liberation*, p. 200.
8. *The Messenger*, August, 1920.
9. *The Negro World*, August 27, 1927, Chicago.
10. *Current History*, September, 1923, New York.
11. *The Daily Worker*, June 14, 1930.
12. Garvey, *Philosophy and Opinions of Marcus Garvey*, pp. 69, 70, 72.
13. Marcus Garvey, *An Appeal to the Soul of White America*, New York, 1924.
14. *The Workers Monthly*, April, 1926, New York.
15. *The Communist*, June, 1930, p. 549, New York.
16. *The Liberator*, October, 1924, New York.
17. *The Century*, February, 1923, New York.
18. *Congressional Record*, May 24, 1938.
19. A. Jacques Garvey, *Memorandum to the United Nations*, British West Indies, 1944.
20. Gunnar Myrdal, *An American Dilemma*, p. 746, New York, 1945.
21. *The Crisis*, February, 1928.
22. *The Messenger*, March, 1923.
23. *The Liberator*, October, 1924.
24. *The Daily Worker*, August 5, 1924.
25. Garvey, *An Appeal to the Soul of White America*.
26. Mary White Ovington, *Portraits in Color*, p. 30, New York, 1927.
27. Marcus Garvey, *The Black Man*, September-October, 1926.
28. Haywood, *Negro Liberation*, p. 198.

For a New Course in Italian Policy*

By Palmiro Togliatti

General Secretary, Communist Party of Italy

The situation created for the people of Italy and for us—their vanguard—has seriously worsened in recent times. At the moment it is particularly difficult, confused and grave. Moreover, it is fraught with the threat of further deterioration both in the economic and political spheres. Conditions of life for the popular masses have particularly worsened and, consequently, the hearts of the people comprising big sections of the working population are filled with bitterness and anxiety—people who have been deprived of work as a result of the latest wave of dismissals and closing of enterprises, people who have suffered from the elements, for instance, in Calabria and other parts of the country and who, like the railwaymen, municipal employees, civil servants and officials, and those employed in industry generally, are compelled, by means of united trade-union struggle, to take action against reducing the already low standard of living and to demand its improvement.

As regards the international situ-

* From a Report to a meeting of the Central Committee, C.P.I., December 6-9, 1953; reprinted from *For a Lasting Peace, For a People's Democracy*, December 18, 1953.

ation of our country that, too, is grave, difficult and abnormal. Italy finds itself isolated, deprived of genuine friends, a pawn in the hands of those so-called allies who actually regard Italy as a subordinate or semi-subordinate country which must relinquish its own dignity and defense of its own aspirations; which is obliged to act in keeping with their designs, with their suggestions and interests.

All this evokes among public opinion increasingly wider and deeper discontent. This discontent exists among the working people belonging to the middle strata of the population, among the intelligentsia, among medium property holders and also in the richer circles.

The careful observer cannot but see that a crisis is maturing in present-day Italian society. While this crisis continues to be characterized, on the one hand, by confusion in many aspects of life, it finds expression, on the other, in strivings on the part of big sections of the population, partly instinctive and partly conscious, to find a new course for our entire national policy, a course that would satisfy the vital requirements

of the vast majority of the people, the requirements of the feeling of national dignity.

The fact is that the economy of our country is far from being in the state the optimistic official circles would have us believe. The international horizon is gloomy. There are clear signs of an approaching economic crisis in the U.S.A. Competition and international economic rivalry are obviously being intensified and in some spheres becoming acute. Italy today is like an organism which, lacking internal equilibrium, is constantly subjected to new and unexpected blows, revealing its structural organic defects. It is here that we find the consequences of the incorrect economic course pursued for many years, of the constant inertia of the Government and, in particular, the consequences of the policy conducted in the international sphere by our rulers who slavishly and stupidly agreed to all the demands of the big imperialist powers, blind to the fact that in this way they endanger the fate of our economy at the very moment when international economic rivalry is becoming more acute.

The Government has steered and stubbornly continues to steer a wrong course, leading to a constant worsening of the situation in the country, precipitating our society to a state which in some instances can be described as disintegration. Every time the political organs directing the national life of the country have been requested to take action in fa-

vor of the popular masses, in favor of the small and middle producers, of the rural population, to prevent dismissals and to control credits, to increase the volume of capital investments and channel them into the vital branches of the national economy where they would yield society the greatest possible benefit, they reply that this cannot be done on the grounds that it contradicts the canons of the economic doctrine according to which, in their view, there must be no interference with private initiative and that it must be ensured freedom.

It is impossible to find a way out of the present difficult situation without taking a new course in economic policy. This new course must, in the main, pursue the aim of extending the home market by carrying out the necessary corresponding measures, of increasing capital investments and of stepping up full production activity. This can be achieved, however, only by establishing control over big monopoly capital and by restricting its exclusive rights through measures aimed at achieving a radical improvement in the conditions of the working people in town and country.

The attitude of the state towards the problems of labor, social problems and the organizations of the working people must be radically changed. We insist that this be made the starting point on the road to a new course in economic policy.

In international relations Italy can find understanding, make new contacts and, above all, find new possi-

bilities for making its voice heard in the world, by putting an end to the slavish subordination to the big imperialist powers. Neither the Atlantic policy nor its special form—the so-called European policy—can lead to this aim which corresponds to the aspirations of the vast majority of Italians.

Although the danger of war has greatly lessened, no effective relaxation of the international tension has been achieved which would contribute to a reduction of armaments, rid the peoples of the fear of another terrible conflict, restore the independence of all countries and pave the way for an era of mutual understanding and co-operation among the different countries irrespective of their political and social systems. This aim has not yet been achieved. But substantial successes have been achieved, resulting in the growth of influence and prestige of the great world peace movement. And most important of all is the fact that the realization is maturing that relaxation of the international tension is not only necessary but possible and attainable.

He who really wants a lessening of the international tension cannot but accept the principle, advocated and upheld by the Communists, of peaceful co-existence and co-operation among the peoples living under different economic and political systems.

He who wants a lessening of the international tension must condemn such actions as the building of war bases on foreign territories and the direct and even armed interference

in the internal life of free and independent states, the favorite method of the foreign policy of the United States of America.

He who wants a lessening of the international tension must reject those alliances which, by the very way they arise, are alliances for preparing war.

In an aggressive bloc such as the "European Defense Community" Italy would have the role of a Cinderella, a servant who would simply obey the orders of others. Italy would supply the manpower for the army under the command of American instructors and German officers. It would see its territory, as has already happened with its ports, occupied by foreign troops; together with the loss of all prospects for peaceful development it would lose forever its independence and national freedom.

We insist on a new course in foreign policy, the content of which must be a persistent and concrete struggle for lessening the international tension for establishing lasting peace among all the nations.

* * *

The present Government of Italy, which proclaimed itself a provisional Government, has now completely assumed the character of a one-party Christian Democratic government, seeking the support of the Monarchists. It has not changed either the economic and social policy of the previous governments or their foreign policy and has restricted itself merely to replacing the blatant Atlantic policy of De Gasperi with a shame-

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faced Atlantic policy, since its fatal character for Italy has become too obvious.

The big industrialists remain deaf to all social demands and are aggressive in relation to the working people. The reactionary clerical forces have not discarded their aims. At the moment they are trying to preserve a state of affairs in which they would be able actually to rule the country without openly taking upon themselves responsibility for their rule. At the same time they are plotting revenge for their defeat in the previous election.

We must be vigilant and ready to frustrate every reactionary attempt to impose a new electoral system based on nominating only one candidate for each electoral district. In this way we defend not only our positions but likewise democracy and, in essence, the positions of the small parties—the Social Democrats, Republicans and Liberals. As things are at present it is not only useful but essential that there should be intermediate forces rallying around themselves elements from the small and middle bourgeoisie and those working people who do not follow the main Parties of the Right and Left. Hence, we must combat any electoral system which aims at destroying these intermediate forces for the purpose of bringing about a direct conflict between the clerical and reactionary forces, on the one hand, and the advanced forces of democracy rallied around the Left Parties, on the other.

In order to avert these dangers we

must achieve substantial success in the struggle already launched by us for a new course in Italian policy in all its aspects. This struggle must be unfolded in Parliament, but chiefly we should appeal to public opinion, to the country.

The criticism and denunciation of the former Italian governments must be regarded as a positive factor testifying to the heightened social consciousness, to the searching for a new way. Hence, the frustration that is manifest in all parties: in the Social Democratic Party, in the Liberal and Christian Democratic parties, among the Monarchists and neo-fascists. Everywhere this discontent is linked with the demand for a new economic and political course.

At present two irrefutable facts can be noted clearly in the branches of the Christian Democratic Party and in its trade unions: profound discontent with the general situation in the country as well as with Government policy, and the striving of the workers in factories and in some branches of industry for united action with the General Confederation of Labor in the fight against the selfishness of the employers. Among Catholic working people too there is growing awareness of the need for a turn, for a change in the political course.

And wherever tendencies or groups acting in this direction make their appearance we must take a positive stand in relation to them, and while not saying that we must seek closer relations with them since this is often impossible for a number of reasons,

we must pay close attention to their activity and help them to achieve complete understanding of the situation within the heterogeneous bloc represented by the Christian Democratic Party.

We call on the leaders of the Social Democratic Party and on all who want to contribute to the renovation of Italian policy and who have no intention of behaving like the ostrich which hides its head and closes its eyes to reality. If they want to see a new road opened to positive political and government activity in accordance with the new course, then they must first of all throw overboard the pre-conceived anti-Communism of the Right-wing Social Democratic leaders as well as the biased anti-Communism of the Clericals. It is necessary to open the road to political and creative activity by the powerful forces of the workers and the working people rallied around the Left parties—the Socialist and Communist Parties—and led by the united trade unions.

The basic tasks of our work at the moment become clear from what has already been said. Today, as was the case during the election campaign, we demand a government of peace for Italy, a government which would carry out a policy aimed at easing the international tension, which would put an end to the policy of cold war in relation to the working people, which would respect the Constitution and state law and wage resolute struggle against poverty and economic decline, for better conditions for the vast majority of Italian

citizens and which would ensure an upsurge in the entire national life. Let us work and fight to win the majority of the Italian population and, above all, the majority of the working people in order to reach this goal.

* * *

For Italian Communists the search for ways and means of ensuring unity of the working people and of all the democratic forces is second nature. But here, too, there are shortcomings and mistakes which must be disclosed and eliminated. As yet there are sections of the working people and organizations whom hitherto we have either ignored or in relation to whom no action has been taken for establishing unity.

In order to develop united action it is necessary first and foremost to define the most vital problem, to find arguments which would enable us to convince the masses of the need for united action in the interests of all. But joint discussion alone is not enough to achieve this. We are for a joint discussion with all and in this respect we have done a great deal. But discussion does not yet mean unity. Unity is built in the course of activity, in the course of work, in concrete struggle for definite aims. Therein lies the essence of the policy of unity.

In order to have a correct political orientation and to improve practical work it is necessary constantly to raise our ideological level, study profoundly the works of the classics of Marxism-Leninism—the great people who laid the foundations of our

movement and who led it. The situation in this sphere is, perhaps, more unsatisfactory than in the others.

At present we have in our Party a large number of Communists. This is tremendous capital. But this entire mass of Party members must be made active and brought into action through effective organization; we must place before them correct political tasks and keep them in constant contact with the masses of the working population.

This is the sphere of purely organizational activity, and here we have big achievements to our credit. We must, however, turn our attention to the gaps, to the shortcomings and numerous weaknesses still observed in this sphere of our activity and we must be mindful above all that organization is not created for the sake of organization, that it cannot be an aim in itself. We must always remember that a Party organization, which restricts itself merely to timely exchange of membership cards, to collecting dues or other funds for the Party but does this work in isolation from political activity and from the actual movement of the masses, cannot be a good organization. Organization serves for correctly carrying out the policy of the Party in keeping with the demands of the moment, by means of the most expedient and effective methods.

Our organizations and our press are now engaged in a campaign for a still wider utilization in the Party of the method of collective leadership, for ensuring better collective

work by the leading bodies of the Party. This campaign is an integral part of the general measures taken by the Party to impart political sharpness to all its activity, to make it more resilient and operative by way of improving the work of its leading bodies and by developing the method of criticism and self-criticism.

In evaluating our strength and weaknesses some bourgeois newspapers say that the reason for our weakness is alleged contradictions in our policy, that we simultaneously defend the interests and the demands of the most varied sections of the population, that we are in a position to defend the factory and office worker, the peasant and laborer, the intelligentsia, youth and women and, at the same time, uphold the interests of Italy as a national unit. No, this is not the reason for contradictions and weaknesses. On the contrary, therein lies the genuine source of our strength.

We are the working class which, in the course of its advance, not only defends, upholds and ensures its own interests but, in so doing, upholds the interests of all those sections of the population which have a positive function in society. It is precisely this that lies at bedrock of our strength. This determines the direction of all the work which we must and will carry out striving to ensure that the political and economic life of our country be directed, in a new way, in conformity with the interests, aspirations and requirements of the entire nation.

The Economic Outlook

By Mary Norris

The year's end was ushered out with much fanfare in government reports and the press about the unprecedentedly high levels of economic activity attained in 1953. New peaks were triumphantly recorded in total output of goods and services, in aggregate personal income, expenditure, and saving, in new investment, government spending, and, of course, in profits.

But amid the welter of reports, analyses, and predictions, one central fact stands out, namely: since the spring of 1953 a general economic decline has taken place.

Widespread debate has developed with regard to the significance of this decline. The Administration and Big Business spokesmen are trying to minimize the downturn, terming it a mild "adjustment," or at worst, a "controlled recession" which will not be permitted to get out of hand. Democratic Party leaders, under pressure of labor and popular forces, have begun to address themselves to the "fear" of a more serious depression. Unions and some farm organizations, reflecting the growing anxiety of the

majority of the American people, have begun to project elements of an anti-depression program.

It is, therefore, essential for us to consider the character of the decline to date, together with the future outlook; to evaluate the policies projected by both monopoly capital and by labor; and to outline the steps which should be taken by the working class and its allies, and the farming masses.

I. NATURE OF THE 1953 DECLINE

The most significant feature of the 1953 downturn was the decline in industrial production. The Federal Reserve Board index, embracing both manufacturing and mining, fell from its March high of 243 to 228 in November 1953, or a drop of 6%. The downward trend continued after the seasonal decline of the third quarter, lasting into the fall period which ordinarily shows an increase.

The most pronounced decline took place in durable goods. Steel production, bellwether of heavy industry, had fallen to 80% of capacity by

December, compared to the year's high of 101.8% in March, and the 1952 peak of roughly 106%. This was accompanied by a 14.3% drop in actual output from March to December 1953. Motor vehicle production likewise declined in the latter months of 1953.¹

Meanwhile, inventories reached record heights, and appeared to be undergoing only a slow reduction in the fall and winter months, while new orders were falling, and the backlog of unfilled orders also declined.

Falling production resulted in growing unemployment in a whole series of industries. Most recently hit have been workers in steel, auto, and farm equipment, who have joined the ranks of those in industries affected earlier, such as textile, mining, lumber, maritime, furniture and appliances. By the end of the year, the official unemployment total given by the U.S. Department of Commerce was 1,850,000. This, however, sharply understates the real level of unemployment which the C.I.O. placed at around 3,250,000. The discrepancy arises largely from the arbitrary assumption by the government that unusually large numbers of workers are currently leaving the labor force, notably housewives, older workers, and young people. The real fact, of

course, is that these groupings are finding it increasingly difficult, if not impossible, to get jobs. Thus, their retirement from the labor force is hardly voluntary.

Simultaneously there has been a reduction in hours of work. Average hours per week in manufacturing dropped to 39.6 in September, rose to 40.3 in October, and declined again to 39.9 for November, the lowest point for this month since 1949.

Behind the decline in industrial production are several related elements, constituting what the National Conference of the Communist Party described as "factors making for economic crisis . . . maturing . . . within the war economy." These crisis elements were summarized in the main report to the National Conference, during the Summer of 1953.² Since then, they have become more acute and affected a much broader sector of the economy.

First is the impact of the continuing farm crisis. There was a drop of 16% in net farm income for 1953, due to falling farm prices, rising costs, and curtailed markets. The parity ratio, which measures the relation between prices farmers receive and those they pay, declined from an average of 101% in 1952, to 92 in August, 1953, and remained at roughly this level to the end of the year. This is the lowest point in twelve years. Moreover, the total farm surplus had mounted to about six billion dollars worth of agricultural

¹ These figures are from the old F.R.B. index of industrial production. The new, revised series (first published in December) gives May, 1953 as the peak month with an index of 137, and shows a decline to 130 in November. This is a drop of 5.1%. The new index adopts 1947-49 as the base period, in which average production equalled 100. The old index used 1935-39 as the base period.

² Andrew Stevens, *New Opportunities in the Fight for Peace and Democracy*, pp. 61-62.

commodities by December.

The result of the farm crisis has been a reduction in farmers' expenditures, both for capital investment and for consumer goods. Outlays for construction and repair of farm homes and buildings dropped by approximately 9% in 1953, while investment in trucks, tractors, autos, and farm machinery was expected to run 10% below 1952.³

Next, relative over-production developed in a number of consumer-goods industries, including home furnishings and appliances, clothing, and automobiles. This is reflected not only in accumulated inventories, but also in a probable lower level of retail sales for the last part of 1953, compared to 1952.

This trend has been accentuated by mounting unemployment and recent cuts in overtime wages, through which many workers were keeping up their payments on cars, television sets, and other appliances. The market for such items has largely been maintained through record expansion of consumer credit, which reached an all time high of over \$28 billion in 1953. However, the limit has about been reached.

A significant report by the American Bill Collectors' Association, largest organization of its type in the United States, revealed that in November 1953, compared to one year earlier, the number of accounts received for collection had risen 13.3%, while repossession of appliances and

automobiles was up 75.8%. The three main reasons given for the increase were illness, unemployment, and loss of overtime.⁴

Furthermore, the post-war decline in commercial exports, which was temporarily halted in 1950-52, has been resumed. Commercial exports were off by over one billion dollars, compared to 1952, declining from \$13,188,000,000 in 1952 to \$12,200,000,000 in 1953.⁵ (Military shipments, however, rose in 1953 and brought total exports to a slightly higher figure than the previous year). According to figures for the first half of 1953, farm exports were the hardest hit, falling 30%, while other exports dropped 9%. The sharpest declines, respectively, took place in coal, iron and steel, petroleum products, chemicals, automotive (mainly trucks) and textiles.

The policy of increased concentration of war contracts in the hands of the largest corporations also contributed to the decline in production in certain industries. While the total rate of arms spending appears to have been reduced only slightly, if at all, since the Korean truce, Secretary of Defense Wilson's favoritism to the most powerful monopolies has resulted in cutting production and employment sharply among firms not on the favored list. The results are especially vivid in the auto industry, where small producers are fighting for their lives, and where even one of the big three, Chrysler,

³ U.S. News and World Report, November 6, 1953.

⁴ New York Times, December 12, 1953.

⁵ New York Times, January 4, 1954.

was hit by the awarding of all tank production to General Motors.

Meanwhile, relative over-production developed internationally in many basic raw materials, including cotton, wool, natural rubber, and non-ferrous metals. Originally, production and prices soared under the stimulus of U.S. government stockpiling, which has now been virtually completed. At present, U.S. policy is actually having an opposite effect, as release of some stockpiled materials is used to force world prices down even further. Moreover, U.S. corporations in certain industries, such as lead and zinc, are importing metals from their foreign branches at a lower price, but higher rate of profit, than that obtaining in their domestic holdings. This further aggravates the decline in production and employment within the United States.

Finally, there are indications of a decline in private capital investment towards the end of 1953. Total business investment in new plant and equipment reached a high point of \$27.8 billion for the year, but there appears to have been a decline in the rate of investment during the final quarter of the year. One very sensitive indicator, the machine tool industry, experienced a marked downturn in production from June to December.

Contrasting with the decline in production and employment was the rise in profits. Corporate profits for 1953 are expected to reach \$45 billion before taxes, which is an all time high, and \$20.3 billion after taxes,

which would be the third highest to date (being surpassed only by 1948 and 1950 profits). A survey of 356 manufacturing companies, covering the first nine months of 1953, showed that 71% realized larger profits than the previous year. Some increases were spectacular, such as the 87% gain shown by the eleven largest steel corporations.⁶

The main burden of the 1953 decline has thus fallen upon the vast majority of the American people. Workers have experienced growing unemployment and reduced pay envelopes; working farmers, a further drop in farm income; small business, a rising rate of business failures; while all three groups are faced with the heaviest tax load and highest cost of living in history. (The B.L.S. consumer price index reached an all time peak of 115.4 for both October and November, dropping only a fraction to 115 in December).

What general conclusions must be drawn from the foregoing with regard to the nature of the 1953 decline?

(1) The crisis elements outlined by the National Conference of the Party have become more acute and widespread, resulting in a general economic downturn during the last half of the year, which was reflected especially in falling industrial production and mounting unemployment.

(2) The decline has taken place within the framework of the arms economy which, while it stimulated

⁶ *New York Times*, December 13, 1953.

the temporary boom of 1950-53, simultaneously deepened the basic factors making for crisis. This experience again demonstrates that resort to war expenditures cannot eliminate the cyclical development of capitalist production, although it may delay and distort it.

(3) The present downturn represents the *approach* of economic crisis, inevitable under capitalism, but does not yet constitute the *outbreak of the acute crisis phase* of the cycle.

II. THE OUTLOOK FOR THE NEXT PERIOD

In considering the economic outlook, we should remember that Marxist economic analysis should not be confused with business forecasts by professional prognosticators. Moreover, we must guard against the tendency, sometimes apparent in Left circles, to approach the problem of cyclical crisis in a mechanical way. This results in translating the recognition of basic forces leading to crisis into a rather inflexible prediction of the actual onset of the crisis, which fails to take sufficiently into account those economic and political developments which might alter the exact sequence of events.

What Marxist analysis can and should provide is an understanding of the decisive forces determining the direction of economic development, allowing also for those factors which may temporarily retard or deflect this course. Only on the basis of such an appraisal is it possible to work out correct policies and tactics.

ments in the period immediately ahead?

The central and basic problem is the deepening gulf between the vast productive capacity of the United States and the market. This underlies all economic developments in our country today.

The industrial capacity of the United States has doubled in the last twenty years.⁷ The most spectacular increases occurred during World War II, when capacity rose 50%, and the period since 1945 which witnessed another 50% rise. Some estimates place the latter figure as high as 70%. While, under capitalism, the development of agriculture lags behind industry, food production in this country has risen 50% since 1933.

On the other hand, the market for U.S. production is being narrowed and undermined by the very forces which have led to this huge investment in plant and equipment—namely, the accumulation of capital in the hands of the monopolies on the basis of the highest possible rates of profit. Only the enormous destructive consumption of World War II, and later, of the Korean war, was able to provide a market even approaching U.S. productive capacity, which meanwhile grew by leaps and bounds. Yet the very consequences of the war economy, especially inflation and soaring taxes, are inevitably undermining the consumer market at home. The foreign market is like-

⁷ U.S. News and World Report, September 18, 1953.

wise contracting due to continued impoverishment of colonial and semi-colonial peoples, the growing competition of other imperialist powers, and especially the embargo on trade with the democratic socialist countries.

This contradiction inexorably asserted itself in the sharp decline of 1946 at the end of the war, in the 1949 downturn, and once again in 1953. Both 1946 and 1949 witnessed the approach of an economic crisis. What, then, prevented the onset of the acute crisis phase of the cycle? Why were these declines followed rather rapidly by a renewed upturn?

The recovery which followed the 1946 decline was due to specific post-war circumstances which brought production in 1947 and 1948 to a relatively high level (although never above 80% of the war period). These included a certain amount of pent-up consumer demand, part of it in the hands of the working class, delayed capital investment at home, and the crisis of underproduction in Europe, which opened substantial foreign markets, financed mainly by the U.S. government.

By the end of 1948, these factors were pretty well played out, and the downturn of late 1948 to 1949 developed. This occurred despite the enlarged "foreign aid" program. There was some rallying in the last months of 1949, as the arms program increased and Marshall Plan expenditures expanded still further, but the level of production began to falter again in the spring of 1950. Only the

launching of the Korean war brought a new boom.

The main elements in the fresh upturn were: (1) Sharply stepped up military spending which rose from an annual level of \$18.5 billion in 1950 to \$51.5 billion in 1953.⁸ (2) A marked increase in U.S. government foreign aid, both economic and military (included in the above figure) which led to an increase in exports. (3) The impetus given capital investment as a result of government financing of new plant and equipment (including direct subsidies, loans, and the accelerated tax write-off program). Rapid tax amortization alone covered some \$28 billion worth of capital outlays, or almost 30% of all new business investment from 1950 to 1953. (4) Unprecedented expansion of consumer credit, following the lifting of controls in the spring of 1952, an action aimed at counteracting the obvious weakening of the consumer market. In that one year, consumer credit rose 16% to its highest point up to then, or a total of \$24 billion.

The cumulative effect of these measures was seen in the rise of industrial production from the low of 161 in July, 1949 to the peak of 243 in March, 1953. But, despite the enormous increase in productive capacity during this period, the volume of production never did reach the peak of World War II, when it

⁸ Labor Research Association, *Economic Notes*, September and November, 1953. Military spending in this instance includes direct expenditures for army, navy, and air force, as well as foreign aid, atomic energy, merchant marine, defense production, and civilian defense.

stood at 247.⁹ And in the spring of 1953, the downward movement began.

Is the present decline the prelude to acute crisis and serious depression? Or is a comparatively early, renewed upturn like those of 1946 and 1950 probable? The answer, of course, lies in the realm of both economics and politics. As matters now stand, the following main considerations should be taken into account:

First, an increase in military expenditures comparable to that which took place during the Korean war is not in prospect, unless U.S. imperialism manages to launch another shooting war. The present government policy calls for levelling off direct military spending in the neighborhood of \$40 to \$42 billion annually, compared to the present rate of roughly \$45 billion. This would include only army, navy, and air force.¹⁰ Even if this were reversed, and a substantial increase undertaken of, say, 25% or about \$10 billion annually, this would be in no way comparable to the 1950-53 increase which represented almost a tripling of military spending.

The "foreign aid" program is also scheduled for curtailment, with anticipated cuts of two to three billion dollars a year. Apparently the Administration hopes to counter the continued decline in commercial ex-

⁹ These figures are from the old F.R.B. index. According to the new index, industrial production for May, 1953, did rise above the World War II peak by five points. The World War II high was 132; the peak for 1953 (in May) was 137.

¹⁰ *U.S. News and World Report*, November 13, 1953, interview with Charles E. Wilson, Secretary of Defense.

ports by other means, primarily by encouraging increased private investment abroad, through special tax concessions, government underwriting of loans, and the like. Substantial post-war increases have already taken place in U.S. private investment abroad, which has been running at an annual net rate of about one billion dollars, from 1947 to 1952. Whether this can be increased still further is problematical, since monopoly capital views a marked increase as dependent largely on the development of a "more favorable climate" for investment in other countries. The rising national liberation movement of the colonial and semi-colonial peoples, and the growing resistance to U.S. domination in the more advanced capitalist nations will certainly hamper the ability of the Administration to realize this goal. At present, the most "attractive" fields for investment are Canada and Latin America, where, taken together, nearly 70% of all direct U.S. private foreign investment is concentrated, and where considerable expansion is still taking place.

In the export field, the United States is encountering sharpening competition from other capitalist countries, notably Great Britain, Germany, and Japan. The one measure which could change the foreign trade picture drastically is removal of the embargo on East-West trade, but to bring this about will require much more pressure on the government.

The status of the consumer mar-

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ket is likewise more precarious today than in 1949. Government and business analyses stress that consumer income in 1953 reached \$285 billion, the highest level in history. They also speak about the vast personal savings which have accumulated. Their figures, however, disregard the fundamental class structure of the consuming and saving "public." The fact is that over half of all U.S. families have an income below the \$4000 minimum budget established by the B.L.S. Furthermore, 10,800,000 families, or 20% of all families in the United States, have no liquid assets, while 50% have only one billion dollars, *i.e.*, an average of less than \$38 per family. The next 30% own \$16 billion in liquid assets, or an average of \$100 apiece. This scarcely constitutes a reserve of mass purchasing power. On the other extreme, two-thirds of the \$98 billion total in liquid assets are held by 10% of all families.¹¹

Under these circumstances, it is clear that the mass consumer market has, in recent years, been sustained primarily by the unprecedented expansion of consumer credit, which has about reached its limit. Certainly no comparable new increase can be expected.

What about the outlook for capital investment in plant and new equipment? This is one of the most important keys to the future since it

largely determines the *timing* of capitalist cyclical development. In general, the period required for the reproduction of fixed capital constitutes the material basis for the business cycle.¹² The period of upturn and boom corresponds to an expansion of such investment; the completion of this process, reflected in a falling rate of investment in fixed capital, marks the beginning of the downturn.

Thus, the expansion of fixed capital (plant and equipment) was a major element in the 1950-53 boom, as well as in 1947-48. Indeed, the unprecedented rate of capital investment during the post World War II years was perhaps the most important result of the arms economy, which has been concentrated in the production of new plant and equipment rather than in an output of arms as such. For the past four years, investment in new plant and equipment has totalled \$100 billion, the peak being reached in 1953.

There are indications that a decline in real capital investment may be in prospect. Studies made by government and private agencies generally conclude that a small drop will occur in 1954. They point out that the capital expansion programs planned prior to or at the outset of the Korean war are now completed; that applications for tax amortization certificates have fallen sharply; that the end of stockpiling is in sight; and that both orders and production have been declining in the machine tool and industrial machinery indus-

¹¹ Based on summary of F.R.B. annual survey of consumer finances, appearing in *Economic Notes*, November, 1953. Liquid assets include U.S. government bonds, checking and savings accounts, etc.

¹² See Marx, *Capital*, Volume II, p. 211.

tries. It should be noted, however, that similar predictions for a drop in capital investment for 1953 failed to materialize, at least during the first three quarters.

The Administration has indicated that it hopes to offset any decline in private capital investment largely through new tax concessions, including termination of the excess profits tax, reduction of the corporate profits tax, and permanent application of the rapid tax writeoff to *all* types of industry (not just war production). It also proposes to turn over to Big Business much of the remaining publicly owned national resources (power, land, etc.) as a further "inducement" to private investment. In the event all this is insufficient, large scale government loans are under consideration.

Of course, if the monopolies can secure additional investment virtually free through such devices, they may raise their sights for capital expansion in 1954. But, in the last analysis, even outright gifts of expanded productive capacity come up against the crucial problem of the market.

What general conclusions as to the outlook emerge from the foregoing?

(1) Repetition of the type of measures taken prior to the Korean war cannot serve to prevent the maturing crisis from breaking. Stimulation of a new boom would require far more drastic "injections" than those of 1949 and early 1950. It will be virtually impossible for monopoly capital to bring this about, short of another

war. The deteriorating economic situation thus increases the war danger, with the most open and adventurist pro-war elements of monopoly capital in particular pressing the drive toward war all along the line.

(2) It would be incorrect, however, to conclude that Big Business and its government have no reserves with which to maneuver short of a shooting war. The growing obstacles to war, both international and domestic, compel monopoly capital to consider alternative economic measures, such as those indicated above. These are directed toward limiting the downturn to a "controlled recession" which would benefit the monopolies at the expense of the people, making special use of increasing unemployment to beat down wages and living standards. These reserves may influence the tempo of approach to the crisis, may result in temporary pauses in the downward trend, may affect the specific features of the crisis, but they cannot ultimately prevent the onset of the crisis. Moreover, they will also result in placing the full burdens of the crisis on the shoulders of the people.

(3) The struggles of the working class and its allies can influence the course of economic events in a direction more favorable to the interests of the masses. Specifically, effective struggle for peace and for a peacetime economic program—with major emphasis on the large scale resumption of East-West trade—could delay the actual onset of the crisis, cushion its effects on the masses, and influ-

ence its depth, duration, and characteristics in ways that will help protect the majority of the people. We will deal with this question more fully in an ensuing article.

(4) The present economic situation also underlies the stepped up drive toward fascism, spearheaded by McCarthyism, through which monopoly capital seeks to forestall or defeat the mounting economic struggles of labor and its allies. On the other hand, these struggles will undoubtedly grow in coming months and will become a key front in assailing the whole policy of monopoly capital today.

III. CHANGES IN THE ECONOMY SINCE 1929

So far, we have considered primarily the more immediate economic outlook. But it is important to take into account also certain long-term aspects of economic development in the United States which directly affect the course of the maturing crisis.

Numerous comparisons have been made between the present situation and that preceding the 1929 crash. Indeed, there has been, in Left circles, a tendency to think of the onset of cyclical crisis in the United States largely in terms of 1929-32.

There are important differences, however, between present economic-political conditions and those existing prior to 1929. An understanding of these specific features is essential in determining the concrete course of

cyclical development today and in working out correct tactics and policy for the working-class movement.

Fundamental is the deepening of the general crisis of capitalism since 1929, especially during and after World War II, when it has entered a new stage. The economic consequences have included: formation of two parallel world markets, the capitalist and the socialist, as the result of the creation of a new group of democratic, socialist states; the further narrowing of the capitalist world market and sphere of capitalist exploitation; the emergence of the United States in a much strengthened position compared to other imperialist powers; the drive of U.S. imperialism for world economic domination and subsequent sharpening of inter-imperialist rivalries; and the intensification of the drive for maximum profits, above all by the United States, in an effort to compensate for the narrowing of the market at home and abroad.

These developments have made impossible any period of relative, partial stabilization of capitalism comparable to that of the twenties. This fact is reflected in the post-war economic history of the United States, which has in eight years experienced three economic declines, alternating with boom periods of no more than two to three years duration.

Within this framework, specific changes in the economy of the United States requiring further study include:

A. THE ARMS ECONOMY

Since 1940, the domestic economic scene has been dominated by the development of a large scale arms economy which reached its peak during World War II, and to a lesser degree, during the Korean war. Continuation of the arms economy (short of outright war) will have at least three important consequences upon the character of the maturing crisis:

(1) It distorts the shape of the crisis, causing it to develop much more unevenly. Military expenditures stimulate war industries at the expense of other sectors of the economy. They place a certain floor under production and employment in some industries and in general tend to increase the favored position of heavy industry. Thus, any decline tends to occur more sharply in peace-time and consumer-goods industries, as well as in agriculture. Moreover, the unevenness of decline is also apparent *within* individual industries which produce both armaments and peace-time commodities (for example, the auto industry). This is further intensified by the dominance of the largest monopolies which secure most of the war orders and utilize the whole war program to strengthen their control over the economy.

Of course, all crises have developed unevenly, as was the case in 1929-32. But the point is that the arms economy *accentuates* this tendency and therefore increases the basic dis-

proportion between different lines of production, especially between Department I and Department II (production of the means of production and production of consumer goods). This is reflected in a certain spottiness in the growth of unemployment, both as between individual industries and in different companies or areas in the same industry.

(2) It tends to delay the onset of the acute crisis phase of the cycle. Military contracts hold up the level of production and employment to a degree, while the level of strength of the armed forces also reduces the total number of unemployed. For example, the figures for unemployment in the United States do not take into account the three and a half million presently in the armed forces compared to the quarter million during the 1920's and early 1930's.

Over a long period, however, the impoverishment of the masses is increased by the arms economy and the contradiction between the mass consumer market and productive capacity thereby accentuated. This can only result in deepening the crisis.

(3) The crisis is likely to develop under continued inflationary conditions. The effect of the arms economy is to hold prices (for manufactured and processed goods especially) at a relatively high level. This is the result of continued war production, growth in monopoly domination of the economy, and the enormous size of the national debt

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which exerts an inflationary effect through the monetary and credit system. Recurring deficits in the federal budget will tend to aggravate these trends.

Thus, while prices may stabilize or decline somewhat, there will be a tendency for this to occur even more slowly than in 1929, when monopoly dominated prices especially took a long time to fall, lagging far behind the decline in wages.

The net effect of the arms economy therefore tends to be two-fold:

(a) *It slows up the initial onset of the acute crisis phase, distorts it, and causes it to develop in a more uneven fashion with certain temporary hitches and interruptions;* (b) *It intensifies the nature of the crisis by deepening the contradiction between productive capacity and the market, as well as by accentuating the anarchy of production through increasing the disproportion between various lines of industry.*

B. SO-CALLED "AUTOMATIC STABILIZERS"

These include a variety of reform measures developed in the New-Deal era, among which were social security and unemployment insurance; minimum wage and maximum hour legislation; farm price supports; an elaborate system of government credit, including farm and housing credit agencies; government guarantees of bank deposits and many types of business loans; public works programs; government regulation of "speculative excesses"

through agencies like the Securities and Exchange Commission; manipulation of monetary and fiscal policy through the Federal Reserve Board, and so forth.

It is claimed that these measures will serve as a sort of automatic antidote to the development of any serious depression, thus making a repetition of 1929 impossible. What, in reality, is their role?

(1) *Even under favorable conditions, such "built in" safeguards cannot do what is claimed for them; they cannot actually prevent a crisis.*

Most of these measures existed in Europe and Great Britain for some time prior to the crisis of 1929-32, yet they did not avert the depression there. Moreover, in our own country, even during the height of the New Deal, these provisions did not bring full recovery. Only the launching of the arms program, in 1939 and 1940, brought an end to the chronic mass unemployment and prolonged depression of the thirties.

That the effect of such government measures is vastly overrated by many economists is tacitly admitted in the more forthright house organs of Big Business. For example, a recent issue of *U.S. News and World Report* (Nov. 13, 1953) spoke frankly of the limited scope and effects of unemployment insurance in a period of sharp economic decline. The article pointed out that aside from the millions of workers not covered, those who are eligible for unemployment insurance would on the average receive \$23.30 per week for 22 weeks.

This is roughly one third of average factory wages, compared to the original idea that payments should be at least one half of normal earnings. It could not even remotely approach the minimum living expenses of a worker's family today; and it certainly does not effectively underwrite the mass consumer market.

(2) *The more liberal of these measures have been increasingly subordinated to or eliminated by the arms economy.* This process began as far back as World War II, gathered momentum under the Truman Administration, and is taking place still more rapidly under the Eisenhower regime. Today only 4 per cent of the total federal budget is allocated to welfare items, with 8 per cent more allotted for "all others" exclusive of war expenditures and interest.

The programs being retained are primarily those which are of the most direct benefit to Big Business, and which are most readily tied to the arms program (such as government subsidies, guarantees of business loans, etc.). The others are either being scrapped outright (low cost housing, price and rent controls) or are under sharp attack (farm price supports, social security).

(3) *To the extent that welfare measures can be retained and expanded, they can, of course, cushion the effect of the crisis upon the masses of the people, and if on a really large scale, could delay the crisis.* Furthermore, they do not have the negative effects that arms

expenditures produce: they do not tend to undermine the mass consumer market and they do not have the tendency to distort the economy further, which is inherent in war production. Moreover, such measures offer a key point of departure for mass struggle, through which labor and its allies can influence the course of economic events. We will deal with this point more fully later on.

C. THE GROWTH OF STATE MONOPOLY CAPITALISM

Prior to 1929, state monopoly capitalism had developed on only a relatively limited scale in the United States (with the exception of the first World War). As the 1929 crisis deepened, however, the financial and economic resources of the state were utilized by Big Business to save the capitalist system. Government credit and fiscal powers especially were called into play to bail out the banks, railroads, insurance companies, and other bulwarks of monopoly capital. Later, with the war economy, many other forms of state monopoly capital flourished, including large scale government industrial investment (in plants, loans, subsidies, tax concessions) as well as various economic controls.¹³

Politically, this has meant the increased subjugation of the state to the most powerful monopolies, a

¹³ For a summary of the development of state monopoly capitalism during the New Deal, see William Z. Foster, *Outline Political History of the Americas*, pp. 421-423. For some of its main features today see James Allen, *Atomic Imperialism*.

process revealed with particular clarity under the Eisenhower Administration and associated primarily with the growth of the arms economy. In the economic sphere, this development has enabled the largest corporate groupings to utilize the state on a vast scale so as to enhance their domination of the economy as a whole, and facilitate the extraction of the highest possible profits from the majority of the people.

The consequences as they affect the cyclical development of U.S. capitalism are complex, and can only be suggested here.

It is true that state monopoly capitalism provides certain resources with which Big Business can maneuver to delay the onset of the most acute phase of crisis, and through which they also load the cost of a developing crisis on the shoulders of the people (government investment, profitable contracts, generous loans and tax concessions, etc.) But these very measures, and the methods used to finance them result in aggravating the contradictions leading to crisis. The consumer market, in particular, is further undermined by the enormous tax load and inflationary consequences of the rising national debt which are associated with the growth of state monopoly capitalism.

Moreover, while state monopoly capitalism appears to introduce elements of greater "organization" and "planning" into the capitalist system, it automatically intensifies the basic anarchy of production as a whole.

It accentuates the antagonisms between monopoly and non-monopoly sectors of the economy, leading to sharp conflicts over various state economic policies which in general strengthen the position of Big Business at the expense of other strata. Moreover, it extends the arena of struggle among the most powerful monopolists themselves, who enter into sharp rivalry for control of enormously profitable state enterprises and agencies, such as the atomic energy industry.

The growth of state monopoly capital thus results in a much closer interrelation between economic and political events, which under conditions of economic crisis will have profound consequences.

For example, unlike 1929, the advent today of acute economic crisis could lead to a government fiscal crisis of unprecedented character with attendant political results. In 1929-32, the corporate banking and financial system collapsed. It was rescued by the credit and fiscal powers of the federal government. Today, however, such government "reserves" are already heavily committed. The state is deeply involved in the actual economic structure of monopoly capitalism. This is illustrated by the following figures, which reveal something of the quantitative scope of this relation:

In 1929, the national debt accounted for only 8.6 per cent of all indebtedness (public and private); in 1952, it represented 40.5 per cent of all debt.

In 1929, government purchases of goods and services constituted only 9 per cent of the gross national product; in 1952, they comprised 22 per cent.

In 1929, taxes took 13 per cent of the national income; in 1952, they consumed 32 per cent.

In 1929, the national debt was equivalent to 18.7 per cent of the total national income; in 1953, it equalled 87.6 per cent.

Under such circumstances, the enormous national debt and high tax load create a situation in which a sharp economic crisis can threaten the fiscal stability of the federal government itself. A steep economic decline, let alone acute crisis, presumably calls for an expansion of government expenditures (in the view of both present and past Administrations). Yet such expansion would be attempted at the same time that income and therefore, taxes, With the national debt at its present the government with the alternative of further inflationary measures, such as still larger deficits in the budget, which would further enlarge the national debt (now at \$275 billion). With the nation debt at its present level, and with private debt at an all time high, further inflationary measures in time of crisis would seriously undermine the entire financial and credit structure, and could lead to its virtual collapse.

But such an event would not be merely a repetition of the 1929-33 financial crisis, when the government was able to step in and reorganize the banking and financial

system. It would mean the state's own finances and credit would be thrown into crisis, which in turn would deepen the economic crisis as well as having far-reaching political results.

D. CHANGES IN FOREIGN TRADE AND INVESTMENT

This question requires special study and can be touched on here only as it most directly affects the maturing crisis. The character of U.S. foreign trade and investment today is shaped by two main elements in the international scene: (a) The deepening of the general crisis, and especially the formation of two parallel world markets, and (b) The economic and military strength with which U.S. imperialism emerged from World War II in comparison with the other imperialist powers. The consequences of these developments have been as follows:

(1) *Although U.S. imperialism has utilized its dominant position to secure a much larger share of world trade and investment in recent years, it is unable to experience any sustained period of relative stabilization of the world capitalist market such as existed during the 1920's.*

Since the war, the United States has replaced Great Britain as the world's largest trading empire and biggest foreign investor. But this has occurred too late in history for American imperialism to achieve the kind of undisputed world economic domination which the British em-

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pire enjoyed at its height during the 19th century.¹⁴ The United States assumed a leading position when the sphere of world capitalist exploitation had been sharply reduced, both by the withdrawal of great new sections of the world from the capitalist system, and by continued impoverishment of the mass market in both the colonial and the more advanced capitalist countries.

This narrowing of the world capitalist market is reflected in the growing gap between world trade and industrial production. World industrial production in 1951 was more than double the 1929 levels, while world trade for that year had only managed to regain the same volume as for 1929. Moreover, post-war international trade "represented by no means the same natural flow of trade the world knew prior to the great depression of the Nineteen Thirties." Figures for specific lines of production underscore this point. In 1929, 30% of all primary products (foodstuffs, minerals, wool, cotton, and other raw materials) entered into international trade, while in 1951, the figure had fallen to 26%. In 1929, 26% of all manufacturing production entered international trade and in 1951, only 16%.¹⁵

Thus the problem of the world

¹⁴ In 1930, of the total private foreign investment of the four major world imperialist powers (the United States, Great Britain, Germany and France), the U.S. share was 38.6%; in 1949 it had risen to 57.5%. The British share fell from 43.1% to 36.3%. Perlo, *American Imperialism*, p. 27. The same change has taken place in foreign trade.

¹⁵ Report of Secretariat of the General Agreement on Tariffs and World Trade, *New York Times*, July 14, 1953.

capitalist market is far more acute than it was prior to 1929 and represents one of the most important elements of the maturing crisis. It is this which lies behind the decline in U.S. commercial exports, and which in general tends to prevent U.S. monopoly capital from reaping the full harvest it anticipated from its dominant position. Of course, American imperialists nevertheless do secure enormous profits from international trade and investment, which Perlo estimates at around \$7.5 billion annually. But the extraction of such profits and their reinvestment as capital only tends to deepen still further the gulf between productive capacity and the world capitalist market.

(2) *The policies adopted by U.S. imperialism to overcome the limitations of the narrowed and unstable world capitalist market have in practice led to the opposite result.*

As a major means of meeting this problem, U.S. monopoly has utilized government agencies to finance a large part of all exports and foreign investment in the post-war period. This, in fact, represents one of the most important aspects of state monopoly capitalism.

About 30% of all U.S. exports since the war have been financed by the government. It is estimated moreover, that 10% of all international trade during this period has been subsidized by the United States government, not including military shipments.¹⁶

A similar situation exists in for-

ign investments. In 1939, less than 1% of all U.S. foreign investment was government owned. By 1949, 41.4% of the total foreign investment of the U.S. represented U.S. government holdings.¹⁷ Such government investment (including both loans and grants) is concentrated in those

parts of the world which U.S. imperialism deems the least "reliable" for private investment, but which are vital from an overall strategic standpoint. These include western Europe, and the colonial and semi-colonial countries of Asia. Private investment, on the other hand, has centered in the Western Hemisphere, where the economic and political "climate for investment" has appeared more secure.

But these very measures have contributed to undermining the world capitalist market. The forced militarization of the economies of those countries receiving U.S. "aid," the subordination of their national economic interests to those of American monopolists, the dumping of U.S. surpluses in the guise of economic assistance, and the further impoverishment of their peoples in order to swell the profits of U.S. Big Business, are all factors which reduce and disorganize international trade. Because of such policies, the export trade of these nations is restricted and undermined, and they are forced therefore to cut their imports, especially from the United States. Their difficulties are further aggra-

vated by the U.S. dictated embargo on trade with the Soviet Union, China, and the People's Democracies of Eastern Europe. Small wonder there is growing resistance abroad to the foreign trade policies of this country, including an increasing refusal to abide by the East-West embargo.

Within the United States, the net effect of these measures has been to guarantee a high level of profits for the largest corporations engaged in foreign investment and trade, while smaller producers, especially the farmers and certain less favored industrial concerns, suffer from the decline in export markets. This accounts for mounting pressure within the United States to eliminate or at least modify the embargo on the democratic, socialist market.¹⁸ This market, after all, is far broader than that offered by the Soviet Union alone during the thirties, when Soviet orders kept open many U.S. plants that otherwise would have had to shut down. It offers the one avenue to a more stable expansion of world trade, and therefore constitutes a most important means of delaying the onset and cushioning the effects of economic crisis on the masses of the people.

E. STATUS OF THE LABOR MOVEMENT AND ITS ALLIES

Of great significance is the advance in the level of organization and consciousness on the part of labor and its allies. In 1929, the working class

¹⁶ As note 15.

¹⁷ *Statistical Abstract of the United States*, 1951.

¹⁸ See, for example, an article summing up reactions of U.S. exporters in the *New York Times*, December 14, 1953.

was relatively unorganized. Negro-white unity had not been built, either within the working class, or between labor and the Negro people as a whole. There was no close relationship between the unions and the mass unemployment movement, and very little contact between labor and the militant farm struggles.

Over the intervening years, however, a considerable change has taken place. Today the working class is much more highly organized. By and large, workers in basic industry have built unions and the principle of industrial unionism has been established. Over a million and a half Negro workers are union members, and an alliance between labor and the Negro people's movement has developed which can exert a profound influence in the economic and political life of the country. The labor movement is also giving direct attention to the problem of unemployment, and is beginning to support the growing struggles of the working farmers.

Moreover, the working class and its allies have gained much experience in fighting for government economic aid. The majority of our people

will not accept the policies that prevailed under Hoover. They accept the concept that government can and should take measures to protect the economic security of the people. While this means they embrace many Keynesian illusions as to the nature of the state and the capitalist system, it also impels them to demand measures of a far more advanced type than in 1929, when even unemployment insurance was dubbed a Communist scheme. Such was the case in the recent U.A.W. conference as well as the fall cattlemen's caravan to Washington.

This advance in organization and consciousness places labor and its allies in a far better position to resist the policies of monopoly capital, and to fight for a program that can delay the maturing crisis, as well as to protect the masses from its worst effects.

* * *

(Another article, to appear next month, will evaluate the current economic policy of monopoly capital, the economic programs being developed by the labor movement, and the tasks of the Communists.)

On the Law of Maximum Profits, II

By Catherine Welland

(The first half of this article appeared in our last issue.)

Since monopoly capital requires a rate of profit far above the average, the question arises: does this contradict Marx' analysis of the falling tendency of the average rate of profit?

We must first of all bear in mind that Marx analyzed the declining rate of profit as a historical *tendency*, offset even then to some degree by counteracting elements. It will be recalled that the basic factor causing the average rate of profit to decline is the rising organic composition of capital. That is, the growing proportion of capital invested in machinery, equipment, plant, and raw materials, as compared to that part utilized for the purchase of labor power.

This appears as a curious contradiction at first, since we know that the individual capitalist, constantly seeking a way to reduce the unit cost of his commodities while maintaining the market price, seeks to reduce the amount of labor required for the production of each commodity, through the introduction of new machinery and methods. Under competitive conditions, the individual capitalist reaps a *temporary* advan-

tage from this, so long as the innovations are confined to his enterprise. But when the new machinery or methods become general the advantage is lost, and the market price falls in keeping with the reduced unit value of the commodities. Simultaneously, the general adoption of the new machinery and equipment together with the relative reduction in the employment of labor power brings with it a rise in the organic composition of capital in that industry which leads eventually to a general lowering of the average rate of profit through the process of equalization previously described. Since this is the general pattern of development in most industries (with variations from industry to industry, of course) Marx pointed out that the long range consequence would be a decline in the rate of profit.¹

COUNTERACTING CAUSES

Even at that time, however, Marx pointed out that this course of development was slowed down by "counteracting causes." These were six in

¹ For the complete analysis of this tendency and counteracting causes see Marx, *Capital*, Volume III.

number and included:

(1) *Increasing the intensity of exploitation.* This means increasing the rate of surplus value ($\frac{s}{v}$) which would help to compensate for the increase in c relative to v and would therefore tend to maintain a higher rate of profit ($\frac{s}{c+v}$). The method is obvious—speedup in all its variations.

(2) *Reduction of wages below value.* This involves cutting wages below the value of labor power, that is below the level required to maintain the ordinary standard of living of the working class, or even in some cases below the level required for reproduction of a generation of (relatively) healthy workers. This may be done with reference to part of the working class for long periods, or even for the whole working class under certain conditions. One example, is the special exploitation of Negro workers, whose wages are below the actual value of labor power for the working class as a whole.

(3) *Cheapening of the elements of constant capital.* That is, lowering the cost of raw materials, equipment, etc. This is done through such measures as securing agricultural products and other raw materials (lumber, minerals, etc.) at lower prices, often at prices below their value. U.S. monopoly utilizes this method widely today, both within the domestic economy (farm prices) and internationally (driving down the price of rubber, tin, copper, etc.).

(4) *Growth of unemployment and*

therefore of cheap labor, which may be substituted for machines. While in general, capitalism has tended to displace large numbers of workers by machines in many industries, at certain periods it is more profitable to delay the introduction of machinery and equipment because of the availability of large reserves of unemployed. This was often the case during the crisis and depression of the 1930's.

(5) *Higher rates of profit in foreign trade.* This refers to the sale of exports at high prices while securing imports at relatively lower prices, likewise a common practice of U.S. capitalism. Marx also made specific mention of the higher rate of profit secured on capital invested in colonial areas, thus foreshadowing the "super profits" which Lenin later analyzed, but which, as we have seen, form only one part of maximum profits.

(6) *Exclusion of what Marx called "stock capital" from formation of the average rate of profit.* By this he meant capital invested in certain special industries such as railroads, where the organic composition of capital is unusually high and where the rate of profit is almost always below the average rate of profit. This still holds true in the United States, where a 6% return on "rails" is considered customary, compared to much higher rates in other industries. Marx pointed out that the lower rate of profit in such industries is not ordinarily considered in estimating the average rate of profit for indus-

try. Were it, the average rate of profit would be even lower and would decline still more rapidly. We might add that modern practice in many capitalist countries is to convert less profitable industries of this type into state capitalist monopolies, whose costs are then imposed upon the mass of taxpayers and the workers in the industry.

It is evident that all these "counteracting causes" continue to operate in the era of modern capitalism. Indeed they have become far more pronounced, while new counteracting elements inherent in the rise of monopoly have also emerged. We have touched on the latter previously, in connection with monopoly price fixing, blocking of capital flow from one industry to another monopoly control of inventions, etc.

So far as monopoly capital itself is concerned, these counteracting causes actually become the predominant influence, so that the rate of profit for Big Business not only remains above the average rate of profit, but actually rises over long periods. At the same time, the declining average rate of profit asserts itself forcibly in relation to the smaller capitalists in industry and agriculture, who receive at best only the average rate and are often driven below it, the result being their eventual ruin. That which is evaded by Big Business, comes home to roost with a vengeance on the remaining, non-monopolized sectors of the economy. On this general question, extensive research still needs to be done, but

even presently available figures bear it out, as indicated in previous part.

WHAT IS THE SCOPE OF OPERATION OF THE LAW?

A series of questions have also been raised dealing with the scope of operation of the law of maximum profits, such as: When did this law come into force? Does it hold only for the United States today, or does it operate within the capitalist world as a whole? Can the scope of operation of this law be restricted to any degree?

The first two questions can be answered in a general way, based on Stalin's theoretical analysis, as well as on existing factual material (which, however, requires considerable additional investigation).

Stalin makes clear that the law of maximum profits is the basic economic law of monopoly capitalism, pointing out that securing of the highest rate of profit is "a condition for the development of monopoly capitalism." This means, in the judgment of the writer, that the operation of the law is inherent in the rise and development of monopoly as the dominant feature of modern capitalism. It is this phenomenon which required that the law of surplus value be "made more concrete and developed further." While no fixed date can be set for this historical transition, which extends over a considerable period, it corresponds roughly to the beginning of the twentieth century.

Of course, as monopoly became

ever more dominant economically in the capitalist world, and especially as the contradictions of imperialism have become sharper, the law of maximum profits has made itself felt with greater force. What was inherent in monopoly capitalism from the outset, has become more evident and operative with the development of monopoly.

Moreover, the onset of the general crisis of capitalism, resulting from World War I and the first loss of a sector of the capitalist world through the Russian Revolution, has confronted monopoly capitalism with a narrowing field for exploitation. This problem has become still more acute due to the consequences of World War II, with new nations taking the road to Socialism, and the formation of two parallel world markets. In these circumstances, monopoly capital has undertaken a drive for more *intensive* exploitation of the remaining capitalist sectors of the world, based on securing maximum profits, which in turn further deepens the contradictions of the capitalist world.

This leads, on the one hand, to a greatly increased accumulation of capital and to enormously expanded productive capacity. (In the United States, productive capacity has expanded 70% since the end of World War II alone!). On the other hand, it results in a further narrowing of the market due to the impoverishment of the masses of the people in both the colonies and the imperialist countries. It therefore produces a sharpening of the basic contradic-

tions leading to economic crises.

Thus, "it was the increasing domination of the monopolies and their refined methods of exploitation with the object of securing maximum profit, that brought the growth of civilian output in the capitalist world to a standstill in the 1930's. The crisis of 1929-33 was followed by a depression of a special kind and this was followed by another economic crisis in 1938."²

The way out of the crisis—for monopoly capital—was unleashing World War II. Although German fascism took the lead in developing a war economy and in launching actual aggression, it was the monopolists of the United States who emerged as the prime beneficiaries. For the period of World War II, the profits of U.S. corporations totalled \$107 billion before taxes and \$48 billion after taxes. With the onset of a new post-war economic downturn in 1949 (which was getting underway despite militarization of the economy under the "cold war"), U.S. monopoly capital organized open aggression in Korea as the best means of guaranteeing maximum profits. The result: \$123 billion in corporate profits before taxes and \$58 billion after taxes. This "achievement" is in turn laying the foundation for a fresh and even more severe economic crisis, as present storm signals abundantly indicate.

Clearly the drive for maximum profits is particularly characteristic

² A. Kashkarov, "The Drive for Maximum Monopoly Profits," *New Times*, January 7, 1953.

of U.S. monopoly capitalism which seeks nothing less than world domination. This does not mean, however, that operation of the law of maximum profits is confined to the United States. Being the basic economic law of monopoly capitalism, it operates throughout the entire capitalist world, although unevenly and with differing consequences. The monopolists of Great Britain, France, Germany, and Japan are also motivated by the drive for maximum profits, which is leading them into ever sharper conflict with U.S. monopoly capital and its efforts to subjugate them. In the colonial and semi-colonial countries, the masses of the people suffer growing impoverishment at the hands of the monopolists—in the first place, those of the United States—which is resulting in the rising tide of colonial liberation movements. Only the socialist sector of the world, headed by the Soviet Union, has been freed from the operation of the law of maximum profits because the capitalist system has been eliminated: there, the basic economic law of Socialism determines the economy's development and leads to constant improvement in the well-being of the people.³

So much by way of general comment on the scope of the law. The

³ Definition of the basic law of Socialism: "The securing of the maximum satisfaction of the constantly rising material and cultural requirements of the whole of society through the continuous expansion and perfection of socialist production on the basis of higher techniques." Stalin, *Economic Problems of Socialism in the U.S.S.R.*, p. 33. All subsequent quotations from Stalin are from this work.

entire question, however, requires further statistical and theoretical work. Figures on the rate of profit over sustained periods are difficult to obtain for many capitalist countries; even in the United States, where a vast amount of material is available from both government and private sources, much work remains to be done. What is needed is an accurate picture of the development of the rate of profit, not only for U.S. corporations as a whole, but especially differentiating between larger and smaller concerns, as well as between those engaged primarily in war production as compared with consumer goods industries. We also need much more detailed examination of the means employed for extracting maximum profits, and the concrete consequences of the operation of the law in all spheres of the economy. We have only begun to explore its implications which were indicated by Stalin in the following words:

The importance of the basic economic law of capitalism consists, among other things, in the circumstance that, since it determines all the major phenomena in the development of the capitalist mode of production, its booms and crises, its victories and defeats, its merits and demerits—the whole process of its contradictory development—it enables us to understand and explain them (p. 32).

One related and very important question remains: Is it possible to restrict the operation of the law of maximum profits, so long as monopoly capitalism exists?

The fundamental answer is provided in Stalin's observations on the objective nature of economic laws:

Man may discover these laws, get to know them, and relying upon them, utilize them in the interests of society, impart a different direction to the destructive action of some of the laws, restrict their sphere of action, and allow fuller scope to other laws that are forcing their way to the front; but he cannot destroy them or create new economic laws (pp. 8-9).

The law of maximum profits will continue to operate so long as monopoly capitalism exists; but its impact upon the masses may be limited somewhat, its "sphere of action" restricted to a degree, its consequences mitigated, through the conscious intervention of the working class and its allies. This was the approach taken by Marx to the law of surplus value; the *actual level* of exploitation of the workers, he pointed out, would always in the last analysis depend upon the concrete relationship of forces between the working class and the capitalists. Today, the struggle must involve not only the working class, but also the vast majority of the people of the capitalist world who have a common stake in resisting the oppression of monopoly.

The key to restricting the sphere of action of the law is thus the struggle to curb the power of monopoly capital. This requires a specific economic program: but such a program can be advanced successfully only within the framework of the overall

struggle for peace and democracy. War is "the 'business' best adapted to the extraction of the maximum profit"; therefore the fight for peace and a peace time economy is the most important avenue for curbing the profits of Big Business and safeguarding the masses from the worst forms of monopoly exploitation.

The drive toward fascism is likewise motivated in large part by the desire to sweep aside all bourgeois democratic rights which interfere with the extraction of maximum profits. It aims at crushing the labor movement, destroying the people's organizations, and eliminating all channels through which resistance might be organized to the exploitation of monopoly. Thus, the struggle for democracy is also essential to the protection of the economic interests of the people and to limiting somewhat the consequences of the law of maximum profits.

The economic struggle itself must be waged on the following fronts:

(1) To limit the exploitation of the working class, with special emphasis on the direct struggle for wage demands, against speed-up, and for shorter hours. This must be combined, however, with the economic and political struggles for fair employment measures, expanded social security, price and rent controls, low-cost housing, reduction in taxes, expanded public works and welfare programs. This involves developing a fight against the entire war economy of Wall Street and its billionaire dominated government while re-

lating this to the necessity of protecting workers from the developing economic crisis which the war economy is intensifying.

(2) To protect the small and middle farmers against the exploitation of monopoly capital through measures to safeguard farm income, expand markets for farm products both at home and abroad, and to provide low-cost credit and free technical assistance to small farmers. Special measures are required to end discrimination and oppression faced by Negro farmers, who are mainly sharecroppers and tenants, including a program to enable Negro farmers to own the land they cultivate.

(3) To unmask and oppose those measures being taken by the state which further expand the control of monopoly over the economy, and which intensify its exploitation of the people, such as the robbery of federal oil, land, power, and water resources, huge subsidies and tax concessions, the entire regressive taxation policy, the loading of federal commissions with Big Business representatives, etc.

(4) To support the struggles of colonial and semi-colonial peoples for independence. These struggles involve the effort to limit and, as quickly as possible, abolish monopoly robbery of the colonial countries. The concrete form which this movement takes in many lands is the fight to at least restrict the extraction of profit by U.S. imperialism. (Puerto Rico, Bolivia, Guatemala, Mexico, and British Guiana, for example).

(5) To expand foreign trade, and especially to put an end to the restrictions on trade with the Soviet Union, China, and the People's Democracies of Eastern Europe. Development of trade with this section of the world is in the economic interests of the working class and the great majority of the American people. For monopoly capital, it does not prohibit the realization of normal profits of foreign trade; but it does involve an ending of the type of unrestricted exploitation which they have enjoyed heretofore with countries under the heel of imperialist domination.

* * *

Such a program has nothing in common, of course, with the Browderite thesis that U.S. imperialism would adopt a "progressive role," foregoing maximum profits, and voluntarily extending economic improvements to the working class. It is based rather on a rejection of such abandonment of Marxism, and is grounded in the unfolding of the broadest united struggle by labor and its allies, directed at curbing the power of U.S. monopoly capital.

Nor is such a program Keynesian in character. Indeed it is in basic conflict with the fundamental conceptions and aims of Keynesism, which is the dominant economic theory of monopoly capital today.

At the bottom of Keynesian theory and programs is the objective of preserving the capitalist system, specifically through guaranteeing a "satisfactory" rate of profit as the motive

power of the system. The main concern of Keynes himself was to maintain and constantly expand the investment of capital as the key to prosperity (which is characteristic of U.S. Big-Business policies today, including those of the Eisenhower Administration). This, according to Keynes, could best be done through encouraging private investment via increased profit rates; government investment should be undertaken only where private investment lagged. Measures to expand mass consumption he regarded at best as secondary. Profit "expectations" and therefore capital investment would thrive most under such measures as rising prices (resulting in lowered real wages), tax policies and other fiscal measures aimed at underwriting profits, and, where necessary, government investment to maintain business activity. Such an outlook reaches its logical conclusion in adoption of war economy as the means, par excellence, of maintaining profits and capital accumulation. And the fact is that the policies of Keynesians have come to center today on the war economy as the instrument for keeping the system going.

It is true, of course, that wide sections of the labor movement, as well as of the farmers, are influenced by Keynesian economic theory which is, consciously or unconsciously, the official economics of the leaders of these organizations. Such leading circles base themselves on the present day Social-Democratic version of Keynesism, which combines support

for the arms program with measures to maintain mass purchasing power, in blithe disregard of the basic contradiction between these two positions.⁴ This position also characterizes the "guns and butter" policies of the Democratic Party leadership.

The unclarity which exists on this question, however, does not preclude the formation of a very broad front of struggle with both rank-and-file workers and important sections of trade-union leaders who are prepared to fight for those measures which would objectively limit the profits of monopoly capital and protect the economic interests of the masses. The conception that government has an obligation to protect the welfare of the people can be made a starting point for struggle against present government policies of enriching and entrenching Big Business. In the course of such a struggle, many union leaders and others whose theoretical outlook is still Keynesian, will advance to a more realistic understanding of both the capitalist economy and the state.

The crucial point is that only through development of the widest united action of labor and its allies, aimed at curbing the power of monopoly capital, can the destructive impact of the law of maximum profits be to some degree limited. Further study of this law in reference to the U.S. is therefore of great importance for guaranteeing ideological clarity in the struggles ahead.

⁴ See, for example, the report of the C.I.O. Committee on Economic Policy, entitled "Maintaining Prosperity."

Big Business Re-Writes American History, III

By Herbert Aptheker

(Parts I and II of this article appeared in the previous two issues.)

What shall one say of the fundamental argument of the Big Business historians: that the monopolists were in fact the builders of America's might, that they "performed miracles of material accomplishment," that they were "the heroes of our material growth"? Have the giant corporations become giants as a result of their positive role in American history?

Nevins insists that the monopolists—for example, Rockefeller—"did a truly creative work." The Big-Business men, he argues, "made the most of the prodigious natural resources of the United States." True, "the growth of the big corporations was accompanied by many malpractices," but the point is that one should not concentrate on the "malpractices," but rather on the practices, and these were "truly creative."¹ Moreover, even in examining the malpractices, Nevins, again speaking of Rockefeller, says: "It is true that some of his methods were open to criticism; but then it must be remembered that he had to use the weapons and implements of his time."²

In the summary words of a recent

textbook, reflecting the rising influence of the Big Business school of historians:

The social and cultural shortcomings of the captains of industry in the transition of the United States to large-scale production must not obscure the fundamental contributions made by their energies to the unique American standard of living.³

The facts are otherwise. The facts are that the wealth of the tycoons was squeezed out of the hides of the American population. This wealth is the reward of capitalist exploitation; not of creative work.

The wealth of the American ruling class stems from the grossly underpaid and frantically driven American working and farming masses. Especially lucrative has been the super-exploitation of the Negro people in their millions—a million slaves in 1800, four millions in 1860, nine million peons and particularly exploited workers in 1900. And the American bourgeoisie battered, too, on the toil of the immigrant: from 1870 to 1900, the generation of the appearance of American monopoly capitalism, twelve and a half million

men and women came to the United States from Europe and Asia, bringing with them little but strong arms and keen skills—and high hopes—and bestowing these upon the owners of mines, forests, land, factories, and thus immeasurably enriching those owners.

The American tycoons appropriated the phenomenal resources of our country—its minerals, its timber, its land, its water power—through graft, fraud and the especially benevolent legislative practices of their creatures—city, state and federal governments. Applying to this the labor power of the millions, who owned only that labor power, these tycoons wrested from this labor the greater part of their billions. This was profit thrice multiplied, but their coffers were to be swelled by the special profits made from wars—capitalism's most lucrative business—and from investments in and expropriations of the lands of other peoples, especially in Latin America and Asia.

And whatever social, political and economic advances the masses made were made only through organized, militant struggle against the ruling class. When unions were organized, when working hours were shortened, when pay was raised, when safety conditions were improved, in every case, everywhere, the advance came because of the courage and strength of the working people and in spite of the fiercest and most brutal opposition of the bosses. To abolish slavery, to extend the suffrage, to establish public education, to eliminate

imprisonment for debt, to obtain unemployment insurance, wherever gains have been made they have come only after the most bitter struggles against the ruling class, and they have been retained, if at all, only through constant resistance to the machinations of the rich.

These are the main facts, in barest outline, as to the wealth of the "heroes of material growth." So notorious are these facts that in the pre-Big Business era of history writing many of them were presented by the very same people who now insist on the Rockefeller view. Usually, it is true, even in those days, the facts were presented in a very partial fashion and as isolated data rather than as illuminating evidences of the nature of capitalism, especially monopoly capitalism. Still, some inkling of the truth did come through.

Thus, Allan Nevins himself once noted that, after the Civil War, the industrialists in accumulating their wealth dealt with their workers "without more consideration than dumb animals received," while their pockets were lined by grants and subsidies, by watered stocks and tariffs. He referred to businessmen buying out state legislatures like "meat in the market" and gaining from them millions of dollars in franchises, rights-of-way, construction jobs, etc. Specifically of his later chief hero, selected by this earlier Nevins to sum up the devastating character of Big Business' role, he wrote: "In the path which Rocke-

feller had left were strewn ruined men and abandoned plants; before him lay an unquestioned control over tremendous sources of wealth."⁴

In those days Columbia professors, like David S. Muzzey, wrote in their textbooks: "In their absorbing passion for the accumulation of wealth, men were plundering the resources of the country like burglars looting a palace," and Smith College professors, like Harold U. Faulkner, recorded that from the Spanish-American War to the First World War, "the colossal economic power of America became concentrated in the hands of a few capitalists," that this concentration "created a class more powerful than the people . . . which, often with utter unscrupulousness and disregard of the public welfare, played fast and loose with the nation's wealth."⁵

Actually, even in the best days, bourgeois historians, as one would expect, barely scratched the surface in even chronicling the doings of the *plunderbund*, let alone examining these activities in terms of the exploitative character of capitalism.

To observe the bosses full, clear and unmasked, watch them as they see the real, the only creative heroes threatening to hold back a little of the monopolists' loot, as they see the working class stir, ominously. Here is William Howard Taft—to be Chief Justice of the U.S. Supreme Court and President, surely not an obscure exemplar—writing to his wife, while he, a U.S. Circuit Judge,

is in Chicago in 1894. Judge Taft is there on official business in connection with the Pullman strike. He is supposed to be judiciously weighing the merits of the workers' behavior in the face of a sweeping anti-strike injunction. On July 4 the Judge writes home: "It is the most outrageous strike in the history of the country and ought to fail miserably." But the workers are stubborn. Writes the Judge on July 6: "It will be necessary for the military to kill some of the mob before the trouble can be stayed." The next day: "The situation in Chicago is very alarming and distressing and until they have much bloodletting, it will not be better. . . . Word comes tonight that thirty men have been killed by the federal troops. Though it is bloody business, everybody hopes that it is true." The next day, July 8—alas! "The Chicago situation is not much improved. They have only killed six of the mob as yet. This is hardly enough to make an impression."⁶

All this to Mrs. Taft at night. During the day the impartial, distinguished jurist sent leaders of the strike to jail for six months. Again, as the organ of the New England textile owners, *Fibre and Fabric*, said during the great textile workers' organizing drive of 1929-30, "a few hundred funerals will have a quieting influence."⁷

There is the true face, the actual morality, of the New Historians' builders of America. It is a morality

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which reflects their class role and function—that of exploiters, not builders.

What of their plunder? The only way to describe the enormity of it is to say: *They have raped America*. Old Senator LaFollette told once what the lumber barons did to Wisconsin and this is but one gang of plunderers and one state:

Wisconsin was one of the finest timber states in the United States. . . . They swept it off; they organized their timber trust; they exploited the people of Wisconsin. We got very little benefit from their "development." They devastated the northern half of the State. . . . These great lumber corporations, enriched by the despoliation of our natural resources in Wisconsin, became the dictators of the public policy of the State.⁸

What is true of one state is true of all. From the Federal government, its resources (that is, the resources of the American people as a whole) being greater than the states', the plundering and the appropriating by the monopolists has been proportionately greater. Bounties, subsidies, exemptions, tariffs—all legal gravy—bestowed upon the rugged individualists by the U.S. government certainly total billions upon billions of dollars. Public land grants to railroad corporations, by the Federal government, totalled over 130,000,000 acres (about the size of France); other grants of millions of acres went to canal and road-building companies. Though these grants were supposed to exclude minerals,

judicial opinion soon found that neither coal nor iron was a mineral!

This is but a fraction of the plunder. Add the exorbitant rates, the rebates, the dummy construction companies and their inflated costs, the watered stock (capitalization high for rate-making and stock-issuing), the faked assessments (to avoid taxes), and the miserably underpaid construction, maintenance and operating crews, plus the solid Jim Crow, and one begins to understand the destructiveness, the anti-human essence of Big Business.

And all this is but one business. Name what other you will—oil, public utilities, coal, auto, steel, textiles, lumber—the essential story is the same: plunder, waste, destruction: individual appropriation and social exploitation.

Moreover, this represents normal, at-home, "creative" activity. Add to this the wealth accruing from patriotic profit-making during wars (corporate profits, as compared with the immediately preceding years, *doubled* during the First World War; almost *tripled* during the Second World War; and *doubled again* during the Korean War); and the special profits brought by investments overseas, due to the super-exploitation of colonial and semi-colonial peoples (typically profits from such investments are three to four times greater than from domestic investments) and the picture of the parasitism of Big Business on a world scale begins to fill out.

One who understands the reactionary essence of Big Business knows that the so-called blemishes and excesses and malpractices, of which even the apologists are ashamed, are, in fact, characteristic behavior patterns. It does not excuse Rockefeller, as Mr. Nevins appears to believe, to say that "he had to use the weapons and implements of his time." Rather, this condemns Rockefeller's *class* and Rockefeller himself. Rockefeller used, with great success, the weapons and implements of *his class*, in the era of monopoly capitalism, and that is why those implements and weapons — spying, violence, fraud, graft, etc.—are of such consequence. They are of the essence, of the function, the nature, of Big Business and not blemishes marring otherwise creative labors.

* * *

A final point on the Big-Business thesis. Mr. Nevins insists, as we have seen, that industrialization here has been less costly, "far less" costly, than in the Soviet Union and this he says redounds further to the glory of his precious tycoons.

We reply: 1) Your precious monopolists were parasitic, not creative. This country grew to the might it now has because of its colossal resources and size, because of its distance from interminable, destructive wars and because of the creative labors of those who produce the good and useful and beautiful.

2) The costs of industrialization in the United States, because of the exploitation of the monopolists, has

been very great, indeed. The American scholar, Lester Ward, touched on some of these costs, back in the infancy of imperialism. In 1893, writing of the malevolence of capitalism, he said:

The underpaid labor, the prolonged and groveling drudgery, the wasted strength, the misery and squalor, the diseases resulting and the premature deaths that would be prevented by a just distribution of the products of labor, would in a single year outweigh all the so-called crime of a century.⁹

What shall one say now, seventy years later, four depressions later, four wars later? Ward says nothing of the agony of unemployment, of the horror of war. He says nothing of white supremacy and the crucifixion of the Negro people, nothing of the slaughter of the innocents from the "pacification" of the Philippines to the "police action" in Korea!

3) The industrialization of the U.S.S.R. has cost much, very much, work and much, very much hardship. But it is not the people's labor that was burdensome, even though it was difficult; labor for oneself and not the boss and the landlord, such labor may be strenuous but it is sweet. The costs in the building of an industrialized U.S.S.R. were levied by the capitalists of Russia and the world, not least of the United States. It is their boycotts, their interventions, their wars, which have made the job costly. But withal, the rate of industrialization of

the socialist U.S.S.R. has been very much more rapid—six times more rapid from 1929 through 1951, than was that of the United States, most powerful of capitalist states, according to the United Nations *Statistical Yearbook of 1953*. This less than a decade after much of the Soviet Union was devastated by war, while the industry of the United States grew fat on the same war!

In fact, Mr. Nevins himself saw more clearly, in the past, on this question of U.S.S.R. industrialization than he does at this moment. During the warm days of the Second World War, Mr. Nevins delivered an address at a dinner given in his honor. In the course of it he made reference to the Axis foe and saw in the rise of fascism the lesson that degrading a people may be more quickly accomplished than uplifting them. Yet, he continued, grand examples of uplift do exist. Yes, he said, history demonstrates that "rapid upward change is possible." And what was the most striking example of "rapid upward change" that Mr. Nevins then could conjure up? Here is the answer, in his own words:

Lenin and Stalin proved that Russia, the most ignorant, ill-organized, and impoverished of the great Powers, could be largely remade in a generation; carrying that teeming amorphous country not merely through a political revolution . . . but through an *industrial revolution*—which it had taken older lands a century to accomplish [italics in original].¹⁰

Well put, Mr. Nevins.

* * *

Marxism-Leninism teaches that capitalism, as compared with chattel slavery and feudalism, was progressive because it led to a great forward movement of productive forces, and because it created its antagonist and successor, the working class, whose own emancipation brings about the emancipation of all humanity.

But even in capitalism's progressive stage—prior to monopoly, prior to imperialism, when decaying capitalism personifies "reaction all along the line"—the seeds of decay are present. Even in capitalism's progressive stage, when the nature of the system leads it to "create more massive and more colossal productive forces than have all preceding generations together"—as Marx and Engels wrote in the *Communist Manifesto*—capitalism remains an exploitative system, a system in which the minute ruling class, possessing the means of production, enriches itself from the only real source of social creativity—human labor.

This is why Marx and Engels, while demonstrating the relatively progressive character of capitalism in its pre-monopoly stage—declaring in the *Manifesto* that "the bourgeoisie, historically, has played a most revolutionary part"—state in the same work that "for exploitation, veiled by religious and political illusions, it [the bourgeoisie] has substituted naked, shameless, direct, brutal exploitation."

There is, of course, no more passionate excoriation of capitalism than that in Marx's *Capital*, published in 1867. Studying capitalism's "idyllic methods of primary accumulation," its "system of ruthless terrorism"—the theft of common lands, the spoliation of church property, the stealing of State domains, the rape of colonial lands, the African slave trade—Marx concludes, in the classic phrase: ". . . capital comes into the world soiled with mire from top to toe, and oozing blood from every pore."

And with capitalism in the saddle, Marx writes, in *Capital*, that the bourgeoisie loses "the last vestige of shame and conscience," and "everywhere" its order "constitutes a system of plunder." Of the capitalist's relation to the worker, Marx says, ". . . the creature sucking his blood will not loose its hold—[then quoting Engels]—'so long as there is a muscle, nerve, a drop of blood to be exploited.'"

America's foremost Marxist, William Z. Foster, writes of capitalism with equal passion: "Capitalism," he says, in his *Outline Political History of the Americas*, "socially irresponsible, is essentially a gangster system of society" (p. 107).

With historical accuracy, he describes the bourgeoisie when on the make, in the days of Mark Twain's *Gilded Age*: "The capitalists were like ravenous wolves, seizing and taking for their own the vast bulk of the country and its splendid resources. . . . By the same token, the

big capitalists considered the mass of workers and farmers to be God-given slaves, to be exploited to the last limit." They were, he says "the most notorious aggregation of crooks, money-grabbers, land speculators, invention-stealers, and political bribers in the history of world capitalism" (pp. 232-33).

As for imperialists in general, and American imperialists in particular—and they rule today, and it is they whom the Big-Business historians serve—of them Lenin wrote, in August, 1918, in his famous *Letter to American Workers*:

The American billionaires . . . have plundered hundreds of billions of dollars. And every dollar is stained with filth: filthy secret pacts. . . . Every dollar is stained with the filth of "profitable" military deliveries enriching the rich and despoiling the poor. . . . And every dollar is stained with blood—of that sea of blood which was shed by the ten millions killed and twenty millions maimed in the great, noble, liberating and holy war. . . .

This is what Marxism-Leninism teaches, and this is the truth, concerning Mr. Nevins' "heroes of material growth."

* * *

The Big-Business historians are attempting to re-write the history of our country at a time when Big Business, trying to overcome the growing crisis in all its policies, endeavors to "take away" from the people their remaining rights and safeguards, national resources and enter-

prises. The function of the Big-Business historian is to help in this ravishment.

The job of rehabilitating the reputation and moral status of Big Business by wiping out the popular anti-monopoly tradition is a necessary ideological step in this undertaking. It goes hand in hand with what Stalin described, in his speech at the XIX Congress of the Communist Party of the Soviet Union, as the increased subordination of the state to monopoly capitalism.

The historians are trying to do this in two ways: 1) They seek to transform the monopolists from what they have been and are—an anti-democratic, parasitic class of exploiters, looters and warmakers—into a noble band of rough-and-ready, but supremely efficient, builders and guardians of our country's economic strength. 2) They seek to show that the militant anti-monopoly tradition in American history was fatuous, anti-historic and really reactionary. They would make of this anti-monopoly tradition a tremendous mistake, an obstacle to progress.

In terms of today's scene, the effort is to tear away from the people the still vital traditions of the New Deal. Such an assault seeks to justify the theft of all the social security and welfare gains made through the people's struggles during the New Deal. Clearly also, such robbery means the turning over to the "creative" monopolists, the New Deal's T.V.A., the whole Atomic Energy industrial development, the off-shore oil resources,

and everything else not yet completely theirs:

During the New Deal the masses in every phase of their great struggles for unionization, for jobs, for Negro rights, for democratic advance, for peace, faced the opposition of the monopolists. And they felt their own strength, its irresistible nature as they became organized and conscious of their aims.

Franklin Delano Roosevelt, in his historic state paper of April, 1938, "Recommendations to the Congress to Curb the Monopolies and the Concentration of Economic Power" was giving expression to this growing understanding of the American people:

... the liberty of a democracy is not safe if the people tolerate the growth of private power to a point where it becomes stronger than their democratic state itself. That, in its essence, is fascism. . . .

And President Roosevelt, though committed, of course, basically to the system of capitalism, went on to say: "Among us today a concentration of power without equal in history is growing." He said, "our liberties are in danger," and he pointed to its source: "That danger comes from that concentrated private power which is struggling so hard to master our democratic government."

The Big-Business historians seek above everything else to destroy this New Deal tradition and undermine

the strength it still retains among the masses. This is why they not only glorify the tycoons, but also belittle the masses. This is why Nevins, for example, repeatedly refers to "the thoughtless masses," or some similar expression of the same idea: the masses as stupid, apathetic, ineffective, sheep-like.¹¹ This slanderous representation of the masses is as false as is the glamorous transformation of the monopolists.

"I know nothing more rare," wrote Walt Whitman, in *Democratic Vistas*, "than a fit scientific estimate and reverent appreciation of the People—of their measureless wealth of latent power and capacity." The forward-looking and democratic features of American history are due to the harnessing of that power, the expression of that capacity on the part of the masses—"the unnamed, unknown rank and file," in Whitman's words. Advances have come only because the masses fought for them—this is a fundamental lesson of the history of our country, and never was this central truth demonstrated more clearly than in the days of the New Deal.

* * *

But despite great efforts the Big-Business historians cannot give their masters a guarantee that they will succeed.

The fact is that, coincident with the fight-back against McCarthyism and reaction that is so evident everywhere today in American life, there is a developing resistance among his-

torians to the Nevins-Hacker Big-Business travesty on American history. This resistance appears not only from independent historians—like Harvey O'Connor, Matthew Josephson and Leo Huberman—who have always had to function outside the academic field, but also from professional historians in the academic world. Outstanding in this connection have been the recent statements by two leading professors of American history—Howard K. Beale of the University of Wisconsin, and Henry Steele Commager of Columbia University. In calling attention to these contributions, we are pointing only to some of the evidences of the fresh breeze, which accumulate on every hand,* destined to help clear the air of the Big-Business idolatry.

Professor Beale, reading a paper on "The Professional Historian: His Theory and Practice" at a dinner of the Mississippi Valley Historical Association, made a generally positive contribution to the whole struggle against reaction. His call was for old-fashioned honesty and decency and scholarship, and above all, he pleaded: "We must unitedly resist those who would try to dictate what we teach and what we write." He attacked, by name, the witch-hunters,

* As additional examples, from the world of books, may be mentioned three recent volumes—all published by small concerns: *Giant Business: Threat to Democracy* by T. K. Quinn (Exposition Press, N. Y., 1953); *Monopoly and Social Control* by Henry A. Wells (Public Affairs Press, Washington, 1952); and *Business Is Damned* by Elijah Jordan (Schuman, N. Y., 1952). The first two are New Dealish; the third is a repetition of the arguments of Thorstein Veblen.

McCarthy and McCarran, and, in the field of historical inquiry, called for a more sympathetic approach to the battles of the working class and a conscious struggle against white supremacist thinking and behavior which, he very correctly stated, filled the American historians' guild. And he explicitly rejected, by name, Professor Nevins' recent eulogies of Big Business.¹²

Professor Commager's article, "Guilt—and Innocence—By Association," appearing in the *New York Times Magazine* (Nov. 8, 1953), is an historic document. Its writing and its publication, are signal marks of the mounting resistance to McCarthyism. Its democratic spirit is in direct conflict with the Nevins line of the ennoblement of Big Business, although not yet an explicit recognition that it is Big Business which threatens democracy. That one of the leading figures among American academic historians should at this time come forward so forcefully in the cause of democracy is a harbinger of the rejection of Big-Business history writing so certain to accompany the American people's rejection of Big-Business rule in its striving and forward movement toward independent political action.

* * *

Our country's greatness comes from the work of the masses who made the land fruitful and the ma-

chines produce. What it has been is as nothing compared with what it will be when these masses really own and govern their country.

We close, as we opened, with the words of the New England carpenter and trade-union leader of another century, Seth Luther:

And although wealth, and prejudice, and slander and abuse, are all brought to bear on us, we have one consolation—*We are the majority.* . . . Our cause is the cause of truth—of justice and humanity. *It must prevail.* Let us be determined no longer to be deceived by the cry of those who produce *nothing* and who enjoy *all*.

NOTES

1. Nevins, *A Brief History of the U.S.* (London, 1942), pp. 109, 111.
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5. Muzzev, *The American Adventure*, II, p. 43; Faulkner, *The Quest for Social Justice*, being vol. XI of *A History of American Life*, edited by Schlesinger and Fox (Macmillan, N. Y., 1931), pp. 50-51.
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11. Prof. Beale's article is in *Pacific Historical Review*, Aug. 1953, XXII, pp. 227-56.

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