MEXICO HITS FOREIGN TRUSTS IN OIL CRISIS

Cardenas Takes Over U. S. And British Oil Property For Violations Of Law; Mexican People Appeal For Help Of American Workers

THE following message was sent last week to Lazaro Cardenas, President of Mexico:

Independent Communist Labor League pledges itself to fight against American oil companies and government's political and economic pressure on Mexican people in oil case and to rally labor movement against imperialist action of government and companies.

for National Committee
JAY LOVESTONE
BERTRAM D. WOLFE

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By BERTRAM D. WOLFE

The conflict between the Anglo-American oil companies and the Mexican oil workers is rapidly moving towards a crisis in the relations between the government of the United States and that of Mexico. After several busy weeks of behind-the-scenes pressure, the Roosevelt Administration has suddenly revealed that the "good neighbor" still carries behind his back the "big stick" made famous by Theodore Roosevelt

Campaign Of The Oil Companies

The pressure began when the oil companies refused to accept the labor-arbitration awards, continued with their threat to suspend operations, became overt when they withdrew their huge deposits from the Mexican banks and attempted to create a financial panic in Mexico. Now the United States government has stepped in with a further attempt to demoralize Mexican economy by cutting the price of silver and cancelling the silver purchase agreement whereby it purchased over 60,000,000 ounces of silver yearly from Mexico at 45 cents an ounce. This is openly declared to be a measure of "retaliation," that is to say, coercion against Mexican government in the interests of Standard Oil, Shell, Sinclair, Pennmex and other companies. This places upon the American labor movement and the American masses the duty of rallying to the defense of the Mexican oil workers and resisting with all our might the use of the American government and treasury department by the oil companies to bulldoze Mexico. The conflict reveals, as in a lightning flash, the true nature of the American government; whether New Deal or Old Deal, it remains an instrument of the American ruling class, one of the most ruthless in the world!

The Daily Worker, which has been busy whitewashing American capitalism and American imperialism for the purpose of tying the American working class to the war machine, makes Roosevelt into a sort of innocent tool of "bad advisers" in the State Department who, like the "bad advisers" of the Little Father Czar, are the whipping-boy for all his misdeeds.

"Behind this whole business," writes the Daily Worker editorially (March 20, 1938), "can be seen the fine fascist hand of the American diplomatic Tory, Sumner Welles, and the reactionary cabal he heads in the U. S. State Department." Poor Roosevelt! Of course, he knows nothing about it. Sumner Welles decides, and Henry Morgenthau wields the silver club, while Franklin D. Roosevelt is at Warm Springs! The same explanation is offered for the government's foul support of the bloody Batista in Cuba, of the no less bloody Trujillo in Santo Domingo, of Vargas in Brazil, of Benavides in Peru, and so forth. The Communist Party may protest friendship to the Mexican people in its loudest headline type—the fact remains that it is whitewashing the Administration and thereby aiding the attack on Mexico. Such is the logic of Stalinist chauvinism.

Background Of Conflict

The conflict in Mexico has grown out of a series of strikes and arbitration proceedings, originally requested by the companies, beginning in 1934. The oil corporations refused to accept the awards made in arbitration, withdrew their funds, tried to shut down the plants and precipitate a panic. The answer of the government has been

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A "Democracy" In Action

THE present British government is committed to the policy of trying to make peace with the dictators as well as with representative governments.

Even Anthony Eden, as he repeatedly declared in public speeches and private conversation, was against dividing Europe into "fronts." The break between him and Mr. Chamberlain was not on this fundamental point but only on dealing with Italy and Germany, especially with the former.—Arthur Krock in the New York Times, April 2, 1938.

Railroads and Wages

by Lyman Fraser

THE drive to cut wages as a means of restoring prosperity is becoming stronger. Labor must organize its resistance. Not only would wage-cuts not restore prosperity but the drive is an expression of the capitalist habit of "solving" their economic problems at the expense of wages and not at the expense of profits.

This drive for wage-cuts is an admission by the capitalists that they cannot "solve" the economic crisis except by reducing the standards of living of the workers and lower-salaried employees.

Now the railroad magnates are demanding wage-cuts. They plead smaller business, smaller earnings and smaller profits. But their pleas are wholly unjustified, for their demand not only does not consider the problem as a whole but it would solve the crisis neither in the railroads nor in the general economy.

Let us consider some facts that the railroad magnates overlook.

Overcapitalization And Profits

The magnates say nothing about cutting capital claims. Yet the railroads are notoriously and heavily overcapitalized. During the 1920's, there was a considerable rise in capitalization, greatly increasing the claims upon earnings of stockholders and bondholders. And much of the new capital investment was not in any sense productive, neither increasing revenues nor reducing operating costs —such as, for example, the expensively showy terminals built in the larger cities.

Capitalization and capital claims, moreover, kept on increasing, while railroad business was declining because of the competition of automobiles and motor trucks.

Nor were capital claims reduced during the depression. The capitalization of all railroads was $18,860 million in 1929 and $18,342 million in 1935, hardly any reduction at all. Thruout the depression, despite a large increase in railroad receiverships, interest on funded debt was paid regularly, showing only a small decrease; overcapitalization was maintained.

While capitalization was increasing in the 1920's, the employment of labor was decreasing. The number of railroad employees dropped from around 2,000,000 in 1920 to 1,661,000 in 1929. In others words, labor costs fell while capital costs mounted.

The decrease in employment was largely the result of higher labor productivity and greater operating efficiency. This was generally true of all railroad work, altho the increase in efficiency was much greater in freight service than in passenger service. From 1922 to 1935, efficiency in freight service increased 40%. Stated in another way, the ratio of payroll expense to revenue per ton-mile decreased from 5.93 mills in 1920 to 3.70 mills in 1935, a drop of 45%.

Yet, with labor productivity higher than ever, the railroad magnates want to cut wages! But

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ter-revolutionary features of Stalin's present mad course. But of one thing we are convinced—and here is our hope: The economic advances towards socialism must, sooner or later, have their appropriate political expressions or manifestations. Progress towards socialism on the social-economic field cannot for long continue without progress towards socialism on the political field. Stalin is burning up his political capital with the masses of the U.S.S.R. and the international workers movement.

The working-class movement outside the Soviet Union must leave nothing undone to hasten the dawn of a better day in the U.S.S.R.—to bring to an end a savage regime unworthy of a free working class and of a socialist state.

Mexico Hits U.S. Oil Corporations

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to take over the plant, offer to pay just compensation in cash payments spread over a period of ten years and attempt to produce and sell oil. The companies have responded with an international boycott of Mexican oil and an attempt at a financial raid thru the cutting off of silver purchases. But here, too, the Mexican government has so far shown firmness and foresight. A week in advance, it untied the peso from the dollar and began coining silver pesos in quantity to redeem paper money in silver.

The United States government, while playing its imperialist role, must proceed with caution, for the eyes of all Latin America are focussed on its buffer frontier land, Mexico. If the United States intervenes too openly, it weakens its plans to consolidate all Latin America behind it for war. That is Mexico's trump card.

Mexico's chief weakness is the lack of an independent labor movement, which should be supporting the government, at the same time exerting pressure upon it. But the Mexican labor movement is controlled, subsidized, manipulated, by the government and not an element of independent strength and pressure. It can neither act as a brake on betrayal nor a pressure force for stronger action. To offset this is the fact that the reaction is at present very weak in Mexico and even the powerful reactionary papers, also largely government controlled, have swung with surprising unanimity behind Cardenas. As American pressure grows and the economic crisis deepens, the reaction may begin to coalesce pressure forces for betrayal and revolt. However, if American and British labor do their duty in the present emergency and the anti-imperialist forces in Latin America develop greater strength and independence, the oil companies may find that they outmanouvered themselves in rejecting the award and attempting to shut down the oil wells which were only theirs because they were taken by imperialist coercion in the first place.

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