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Editor: V. J. Jerome

Remember Guatemala!

An Editorial

ONE YEAR AGO, on June 18, the Eisenhower-Dulles Administration, organizing armed assault from without and treason from within, launched the aggression which overthrew by force and violence the democratic government of Guatemala. The instrument used—Col. Carlos Castillo Armas—was Guatemalan, but the hands that wielded it were alien and imperialist: the United Fruit Company and the U.S. State Department. Their objective was the complete subjugation not of Guatemala alone but of the entire hemisphere by the Wall-Street trusts in their pursuit of maximum profits and world domination.

On this anniversary, millions throughout the world remember that crime with revulsion—and let not the people of the United States be missing from among those millions. For what was done to Guatemala with its three million poverty-stricken and oppressed people was also a crime against the peace, freedom, and honor of our own country.

The Guatemalan struggle aroused support throughout Latin America and in other parts of the world. Conservative parliaments in Chile, Uruguay, and Argentina protested the outrage. In our own country many workers and other sections of the population managed to penetrate the fog of falsehood and slander in which the Guatemalan rape was shrouded, and expressed their solidarity. However the victory of U.S. imperialism was facilitated by two weaknesses:

1. The vacillation and in some cases the treason of the bourgeois and petty-bourgeois elements who headed the Guatemalan government and army.

2. The inadequacy of the support rendered by the working class of our country thanks to the policy of the Right-wing A.F.L. and C.I.O. leaders who backed the overthrow of the democratic, anti-imperialist government.

What has happened since the puppet dictator, Castillo Armas, was installed in power by U.S. Ambassador Peurifory lays bare the real meaning of the crusade against "international Communism," under the guise of

which American imperialism organized the murder of Guatemala democracy and sovereignty. Even the capitalist press cannot hide the bitter fruits of the Dulles "liberation" policy. On March 20, the *New York Times* reported that the last "remnants of the agrarian reform of former President Jacobo Arbenz Gusman" were being wiped out. This means that 60,000 peasants and their families, who were given land, are being evicted and that the entire peasantry—80 percent of the population—are being restored to the semi-feudal serfdom that prevailed before agrarian reform was launched in 1952.

The labor movement, which consisted of some 500 trade unions and had become a major influence in the country's life, has been destroyed. Only a few feeble government-controlled unions are now allowed to function after their officials have been cleared by the National Committee for Defense Against Communism, an extra-governmental Gestapo. The peasants' federation has also been suppressed. All democratic political parties have been outlawed. Thousands of workers, peasants, and intellectuals are in concentration camps; many have been shot.

Wrote Carleton Beals, authority on Latin America, and an anti-Communist:

"The present Guatemalan government is the narrowest, most ignorant, military dictatorship foisted on Guatemala in almost a century. It is a shameful blot and that shame is compound for we helped to put it there to despoil the Guatemalan people" (*N.Y. Post*, April 1, 1955).

However, the Guatemalan people have not been conquered. "Guatemala Has Growing Unrest" reads a headline in the *New York Times* (May 22). The dispatch reports mounting popular protests against the dictatorship. Other reports from inside Guatemala tell of mass demonstrations, distribution of leaflets, and other forms of democratic struggle. The Workers Party, party of the Guatemalan Communists, is in the forefront of the battle against the foreign oppressor and his puppets.

In our own country some of those who originally supported the State Department conspiracy—for example, the C.I.O. leadership and the *New York Post*—have expressed alarm at the reactionary policies of the Castillo Armas clique.

The question of Guatemala is a question of the future of all the peoples of our common continent. It should be brought into the trade unions, and the organizations of the Negro people, the farmers and professionals, and into all civic groups. The most energetic protests should be directed to the State Department and the Guatemalan Embassy, with demands for an end to the terror, the release of all political prisoners, the full restoration of civil liberties, a halt to Big-Stick diplomacy and to the drive for McCarthyizing the Western Hemisphere.

The UAW Convention and Coming Struggles

By Nat Ganley

WHEN THIS ARTICLE was written General Motors, Ford and the U.A.W. were deadlocked in collective bargaining sessions on the union's 1955 economic and contract demands. Both GM and Ford had already rejected the demands as formulated by the union. However, they kept an "open mind" on making some concessions that might even include a gesture on increased unemployment compensation payments (the GAW issue), in return for the union giving up some past union gains and withdrawing the other demands.

Henry Ford II, for example, while attacking the U.A.W. GAW plan as "guaranteed annual stagnation" was ready to consider some economic concessions to the workers with the grandiose title of "a new kind of prosperity insurance policy," if the concessions were part of another backward-step speed-up contract. As of early May, however, the Ford Motor Company hadn't offered the U.A.W. negotiators a penny of gains for the workers. They did offer the U.A.W. some 34 backward steps in the contract. The company proposals ranged all the way from throwing some categories of Ford workers now covered by the U.A.W. out of the union and withdrawing the right to strike on speedup grievances, to direct wage cuts for the Ford steel workers.

But the mandates of the 15th U.A.W. convention held in March was an effective weapon in the hands of the auto workers for fighting against the twin evils of a showdown rejection of their demands and the attempts to put over a backward-step contract. Therefore, a proper evaluation of this convention is essential for understanding the new developments as they unfold in the auto industry from hereon out.

*Convention's Background**

The 15th U.A.W. convention seated 2,833 delegates from 1007 local unions having 12,952 votes in the convention. The union has an approximate membership of 1½ million, including old age retirees and unemployed.

The Big Business-Eisenhower drive for maximum profits based on reducing the peoples' living standards, curbing their civil liberties, increased Negro oppression, war and

* See the present writer's article "On the Coming 15th Convention of the UAW," in our March issue—*Ed.*

fascism had its effects on the auto workers. The auto workers took some severe blows from the reactionary drive and also fought back with increased militancy.

President Reuther's report to the convention recorded "a stagnation and regression in the field of social legislation" and "a corrosion of the rights of the workers to organize and bargain collectively." These factors, together with unemployment, reduced the U.A.W. dues paying members by 178,946 and reduced initiation fees by $359,000 between 1953 and 1954.

It took 113 days of tough striking last year to win victory in the Ford-of-Canada strike, while the Kohler strike in Wisconsin still had to be won after it passed its first year. It takes more than the class collaboration tactics of 951 U.A.W. International full-timers to win these tough class battles.

For 5 years the Auto Moguls have knifed away at the auto-workers' conditions in preparation for their fierce competitive struggle to redivide a car market that is heading from temporary boom to sharp decline. During the 5 years the gap widened between the policies of the U.A.W. top officers and the interests of the auto workers, leading to progressive realignments in places like Ford Local 600 and Flint Chevrolet Local 659, and to changing policies at the U.A.W.'s top stemming from grass roots pressures.

Sparked in good measure by Left and Progressive forces, the auto workers forced the companies to reopen the 5-year contracts in 1953, two years prior to their expiration date, and this led to the unanimous change in the U.A.W.'s contract policy at the 15th convention.

The basic unity behind the advanced program of economic and contract demands forced all groups at the U.A.W. convention to fight for their respective positions within the framework of strengthening the union as a whole, and this was the most important factor for the positive outcome of the convention. The over-all positive role played by the U.A.W. convention was its main feature.

Economic and Contract Struggle

The U.A.W.'s 1955 economic and contract demands can be summarized as follows: 1) Guaranteed Employment Plan (annual wage). 2) 40 hours call-in pay. 3) 10 to 12 cents an hour general wage increase. 4) Improved fringe benefits: pensions, health insurance, overtime rates, holiday, vacation and shift premium pay. 5) Maximum two-year contract. 6) Model Fair Practice clause. 7) Preferential hiring of laid off union members. 8) Contract guarantees to end speedup, "company security" clauses, and bottleneck grievance procedures. 9) Improved local contracts.

The 15th U.A.W. convention unanimously adopted the demand for shorter hours without wage reductions as the union's next major

bargaining goal after the 1955 negotiations. President Carl Stellato of Ford Local 600 contrasted this stand with the decisions of the 14th U.A.W. convention in 1953 that the shorter hours demand was advanced by "tools of the Kremlin."

The discussion on economic and contract issues had the following features:

a) The GAW demand, as the number one demand, was considered a settled issue and there was practically no discussion on it from the floor of the convention.

b) No delegate from the floor defended the 5-year contract, while a number of them sharply criticized it.

c) The warning stemming from the Left against settling for one demand at the expense of the other demands and past gains was picked up by a number of delegates of various views in their convention speeches. President Reuther and Vice-President Livingston felt called upon to promise that this would not happen.

d) The efforts of a small group to oust married women from the plants was overwhelmingly rejected by the convention.

e) The convention called for a Congressional investigation of automation and decided on the automation conference held in Washington in April.

f) Some delegates stressed the need for a stand against compulsory overtime, for including anti-speedup clauses in the contract, and for winning improved Local agreements. A new emphasis was adopted by the convention against time-study, calling it "the mumbo-jumbo of the time-study witch doctors."

g) The U.A.W. anti-depression program of 1953 calling for billions in non-military public works projects was reaffirmed in President Reuther's printed report to the convention.

h) Pressed by newspaper reporters, AFL President Meany said he supported the U.A.W. GAW demand, and if the U.A.W. asked for A. F. of L. aid in their drive they would undoubtedly get it.

The convention adopted no specific program of action mobilizing the U.A.W. from top to bottom for strike action, if necessary. This shortcoming is important because if the U.A.W. is forced to strike it will be the union's toughest battle since the 1941 Ford strike. However, this shortcoming has to be placed within the context of the 15th convention's unanimous adoption of the economic and contract demands and the 95 percent vote to raise a $25 million strike fund that dramatized the auto workers' unity and militancy against the auto companies and their determination to man the picket lines, if necessary. We must avoid two equally erroneous views, that on the one hand excuses the Social-Democratic leaders in the union by saying they sufficiently prepared the convention for the coming struggle, and on the other hand says that their failure to propose a strike program of action was the outstanding nega-

tive feature of the convention. However, in the immediate post-convention period the issue of concretely mobilizing the U.A.W. for a possible tough strike struggle became the key for victory or defeat of the auto workers.

Convention's Fighting Spirit

The main debate at the 15th U.A.W. convention, lasting two days, took place on the issue of whether strike funds should be paid strikers as they "need" relief, or whether they should be paid a regular sum weekly as a matter of "right." The debate played the part of a distorted mirror reflecting the real issues—the anger of the auto workers at the employers' attacks, the dissatisfaction with the handling of grievances by the union leadership, and the deep-going concern of the auto workers with the growth of top-controlled "democracy" within the U.A.W. The issue of "need" or "right" was a distorted mirror, because by itself, separated from its concrete meaning in this U.A.W. convention, the matter of paying strikers regular weekly sums is a narrow craft union concept for little strikes, and is not attuned to strikes by hundreds of thousands of workers in mass production industries.

The Reuther Administration supported the "need" view in the debate. The most articulate voices for payments based on "right" came from Ford Local 600 and the Flint Chevy local, both of whom had suffered from International administratorships because they were the "premature" fighters against the 5-year contract policy. The debate was basically constructive, non-factional, yet sharply critical of the International.

About 40 percent of the convention delegates favored the allocation of strike funds based on "right." That they were equally determined to raise a $25 million dollar strike fund through a dues increase was shown by the 95 percent vote for the final strike fund proposal, after it was modified by the International.

A natural realignment of forces took place around this strike fund issue that was fluid, unorganized and spontaneous. Ford Local 600 was not isolated as in many previous national gatherings of the union. It rallied around itself the bulk of the anti-Administration forces as well as many supporters of the Administration.

It was this natural realignment of forces in the convention reflecting in large part increased militancy, that practically drafted Carl Stellato to run for UAW Vice President against the Administration-backed candidates. It netted him 4,014 votes, some 30 percent of the convention vote, the strongest electoral showing for a candidate opposed by Reuther since the Reuther Administration took union power in 1947. However, the Stellato vote was not an anti-Reuther vote. Pres. Reuther and Sec'y-Treasurer Mazey were reelected unop-

posed. Most of Stellato's voters wanted Reuther and Stellato. The idea of having at least one opposition voice in top leadership caught on. It therefore marked an unfreezing of the former rigid caucus lines.

Had the fellow travellers of the Trotskyites had their way the results would have been entirely different. They were pressing for a factional course in the strike fund debate. The Left helped influence the course of the debate along constructive but critical lines.

On this basis the strike fund debate and the election struggle in the convention heightened the principled unity and fighting spirit of the auto workers against the companies.

Inner-Union Democracy

Since 1947 there has been a trend in the U.A.W. to amend the union's constitution in the direction of increased Internatonal control and away from local autonomy. The 15th convention halted this trend for the time being. The only exception to this is that UAW locals now have the right to abolish their local strike funds and rely solely on the International strike fund.

The Reuther Administration had to withdraw two constitutional amendments they urgently wanted. One provided for a "loyalty" pledge by all UAW candidates for union office that they wouldn't campaign in a manner that could be considered "false" by the International. The other provided for separating by one year the elections for convention delegates and Local Union officers. Delegates who have to face their membership in Local Union elections immediately after the convention are less attuned to top control.

Political Action

The convention's 31 adopted resolutions, in the main, contain a positive legislative program on domestic issues. Unfortunately, the U.A.W. didn't single out for special emphasis support for the Murray-Metcalf Bill for $1.25 minimum wage and shorter hours. This Bill is an opening wedge for the UAW's next collective bargaining goal for the shorter work week.

While the 14th UAW convention in 1953 only made the beginning of a break with the Eisenhower Administration, the 15th convention completed this break on nearly all issues, except foreign policy.

The convention called for ousting Eisenhower and electing a New Deal-Fair Deal liberal President and Vice-President in 1956. The PAC resolution called for "independent political action machinery in every community" and "a national conference of labor, farm and other liberal forces in the spring of 1956" in order to "mobilize liberal forces to fight for liberal principles and policies in the platforms of the political parties." Sen. Matthew W. Neely (D-W. Va.) made a sharp attack at the convention against Eisenhower, intimating that he was a hypocrite in

politics and religion. A more weighty condemnation of Eisenhower was made by the convention's resolution when it said: "The intensive replay which Republicans gave the Eisenhower-for-peace theme in the last three weeks before election was cynical campaigning, since few voters knew how close the Eisenhower Administration brought us to the brink of war on two occasions during that very year."

The convention neither rejected nor reaffirmed the UAW's long-standing policy for a future third party. The silence on this issue reflects Pres. Reuther's abandonment of the goal for a future third party in principle. So did the watering down of the concept of working towards a progressive political realignment within the two major parties.

The PAC resolution also remains silent on opposing blank check endorsements for Big-Business politicians and the Tammany-Hall type of machines, so urgently called for by Transport Union President Mike Quill.

However, the convention substantially provided for a program of higher level political action by calling for Eisenhower's defeat in 1956, a farm-labor-liberal conference next spring, and labor's independent political action machinery in the communities.

Peace Policy

The 15th UAW convention foreign policy stand has two contradictory sides to it. On the one hand the cold war continues to be supported. On the other hand peace and an end to the cold war is proposed.

The peace side of the policy was advanced in Reuther's opening speech to the convention—a stand against the preventive war group in the GOP; against giving moral support to the Chiang Kai-shek regime; for ending the arms race; opposition to UMT and war-time compulsory labor service; urging Eisenhower to initiate peace talks between the U.S., Britain and the Soviet Union; freedom for the colonies is called for; the UAW officers' report criticizes the Dulles-Radford plan of last year to intervene in the Indo-China war and the Eisenhower stand on the Chinese islands with "ambiguous words about other 'territory' satisfactory to Chiang Kai-shek and Senator Knowland." Finally, there was the advanced stand of the convention's Resolution Committee againt undermining the Bill of Rights through the nation's "internal security" program.

The war side of the convention's stand backs Eisenhower and Dulles in grabbing Formosa and the Pescadores; doesn't even take the Lehman-Morse-Stevenson stand for getting out of Quemoy and Matsu; proposes the Big Power peace talks take place after ratification of German rearmament; criticizes Eisenhower for his meager cuts in military expenditures —his so-called "bigger bang for a buck" policy; supports the military draft; supports the Western military

alliance directed against colonial freedom and the lands of new democracy and Socialism.

However, the contradictory peace and cold war line was not an evenly balanced matter. Peace received a greater emphasis at this convention than at any other since 1947, especially in Pres. Reuther's opening speech. It reflects the growing peace sentiments of the people.

Pres. Reuther said: "Nobody can win a war fought with atomic bombs, and therefore, what we need to realize is that we can win only if we find a way to avoid war." Instead of a negative military cold war contest, Pres. Reuther wanted a contest "as to who can do the most towards advancing the cause of human betterment." He said the UAW economic demands are geared towards winning full employment in peace. "What good is a higher wage if our cities are in ashes?" asked Reuther.

It's not new for Pres. Reuther to repeat that he stands for peace negotiations from positions of military strength, and that adequate "military power" is needed "to meet the threat of Communist aggression wherever it raises its ugly head." What's new in Reuther's speech is that for the first time he poses peace as the main question for the labor movement, for the first time says nobody can win an H-Bomb war, and for the first time ties in peace with the current economic and contract demands of the auto workers.

On the basis of Pres. Reuther's speech, it becomes possible to unfold some concrete actions for peace, that can make peace the actual policy of the UAW in practice.

Negro Leadership

The outstanding negative feature of the 15th UAW Convention was the continued lily-white composition of the top union leadership. This is especially true since the convention added two new vice presidents, both of them white. It's also a fact that the struggle for Negro leadership in the 1955 UAW convention was a highly positive one and well in advance of the situation at the 1953 convention.

The lily-white top composition in the UAW stands out especially contradictory because it was the same union that played a key supporting role in the election of Charles Diggs, Jr., as Michigan's first Negro Congressman, Dr. Remus Robinson, as the first Negro on the Detroit Board of Education and for the Honorable Wade McCree as the first Negro elected as Circuit Court Judge.

The Left and Progressive forces made a constructive fight for Negro leadership at the 15th UAW convention. A white leader of Flint Local 581, in nominating the Negro Nathaniel Turner, Buick Local 599, the first non-Left Negro to ever run for UAW vice president, said: "It is a recognized and accepted fact today that there never would have been a CIO and UAW without the firm unity of Negro and white workers. We built that unity in the

only way possible—by having our union support the demand for equality for Negro brothers and sisters in every aspect of life, economic, political and social." He related the question of Negro leadership to the contract struggle and the A.F.L.-C.I.O. merger, thus showing it to be in the self-interests of the white majority. Bro. Turner's 1035 votes was the highest total vote ever cast for a Negro running for top UAW office and the second highest percentage of total convention votes. The issue of Negro representation was decisive in influencing the race that Stellato made for the vice-presidency as well. Had Stellato spoken for Turner publicly in his acceptance speech it undoubtedly would have increased Turner's vote as well as Stellato's.

However, a Negro could only have been elected to top office at the 15th convention with the backing of the Administration caucus of Pres. Reuther. Twelve years ago Pres. Reuther told another UAW convention that if "we have that courage and intelligence" Negroes can be elected to top UAW office without special amendments in the union's constitution. But at the 15th convention Pres. Reuther remained committed to a lily-white ticket. He didn't lead a principled pressure drive to win the white forces of his caucus for Negro leadership, even though a number of them spoke up for it. But a pressure drive outside the Administration caucus was also needed amongst white workers to supplement the struggle of the Negro workers for representation in the leadership. This required initiative by the more advanced white workers spearheaded by Left and progressive forces. Putting it mildly, this type of pressure in the preconvention period was weak indeed and still has to be built up from hereon out.

But without the role of the Left and the Negro workers caucus, especially in Ford Local 600, there would have been no positive and advanced struggle for Negro leadership at the convention. The defection by a few Right-wing Negro leaders in support of the lily-white ticket, won't weaken, but will increase the principled unity and strength of the Negro workers caucus at the grass roots shop level.

Therefore, the struggle for Negro leadership in the convention helps to strengthen Negro-white unity in progressive ranks, will help the union's current struggles for Negro rights, and lays the basis for winning Negro leadership in the U.A.W. in the 1957 convention.

Civil Liberties

The Resolution Committee's proposal on civil liberties in many respects is an advance over the past. It calls for repealing all sections of internal security laws "which deny freedom of speech, association and political action."

The resolution condemns McCarthyism, saying that while McCarthy stands "rebuked and rejected, McCarthyism is not dead; its threat

to our civil liberties continues."

"Under the Smith Act individuals are being prosecuted for what they say, not for what they do", declares the resolution.

For the first time the Department of Justice is directly criticized as follows: "The Dept. of Justice has become the Dept. of Political Affairs; it seeks to make a record of anti-Communism at the expense of the Bill of Rights. In using such witnesses as Harvey Matusow and Paul Crouch it has vouched for known liars."

The House Un-American Committee is rebuked for, among other things, "inciting violence in the city of Flint."

"The outlawing of the Communist Party by act of Congress", says the resolution "was a sign of weakness and not of strength."

The 1954 Communist Outlaw Act is opposed because it "constitutes a dangerous step towards state licensing of unions."

The Lehman Bill for drastic changes in the McCarran-Walter Act is supported. The issue was dramatized by a convention fight that got 3 out of 4 excluded Canadian UAW delegates back into the U.S.A.

There was a majority and minority report on the 5th Amendment section of the resolution, but both sides agreed that the jobs and union rights of UAW members should be protected if they feel called upon to invoke the 5th Amendment. Because there was no time in the convention's final day to debate this issue, the entire civil liberties resolution was referred to the UAW Board.

Labor Unity

Pres. Reuther said: "Let's launch the kind of crusading, fighting organizational campaign in 1955 and 1956 that we had back in 1936 and 1937."

This was also the heart of the convention's resolution on Labor Unity since it mandated a contribution from the union's general fund of at least $1 million to a United Organizing Fund of the merged labor movement.

On the basic principles of Labor Unity (Industrial unionism, Negro rights, etc.) the convention said these are things we must get and they also said these are things we already have in the merger agreement. Since equal membership and leadership rights for Negro workers is not yet guaranteed in the merger agreement there is some significance to the fact that the only CIO resolution adopted in full by the UAW convention was the one on "ethical practices and democratic rights" in the labor movement. This resolution provides:

"The right to join the organization and the right to receive the benefits provided by the organization is not denied to any eligible worker because of race, creed or color."

The question of including the UMW, RR Unions and independ-

ents in the labor union merger was not raised. However, in a prior discussion a delegate from an International Harvester local said: "Our strength is greatly added to by the coming into our union of the unions which were formerly represented by the UE."

The convention's mandate is a good basis for follow-up actions in the Local Unions to improve the quality of the Labor Unity merger constitution and the coming merger conventions.

Role of Left

The convention showed a widening gap between the possibility for the conscious Left (both Marxists and non-Marxists) to influence events, and the ability to effectively realize these possibilities because of the decline in its own position. Strengthening the Left so that it can play its full energizing role in the broadest progressive coalitions in the union is a key to uniting the entire UAW-CIO for winning an auto workers' victory on the economic and political fronts. For this purpose also a strengthened functioning Communist Party organization is needed that can avoid Right-opportunist as well as "Left"-sectarian errors.

Despite its weaknesses the Left was able to make some important contributions to the 15th U.A.W. conventions, limited as they were.

Conclusion

In the main the 15th U.A.W. convention was a demonstration of unity and militancy for winning the economic and political demands of the auto workers. It made a positive contribution in the struggle against Big Business-McCarthyite reaction in our land. If the convention's progressive realignment is moved in the non-factional direction of program and principles it will further strengthen the U.A.W.'s militant and democratic course in the economic struggles of 1955 and in the political campaign of 1956.

The limitations and negative features existing within this overall positive evaluation of the convention, especially in the areas of Negro leadership, foreign policy, independent political action and effective mobilization of the auto workers for a possible tough strike struggle, is due in the first place to the continued domination of Social Democracy in the top circles of the U.A.W. and the ability of Social Democracy to keep its good resolutions on paper and out of the arena of militant action.

But it's the main positive features of the 15th U.A.W. convention that can inspire the auto workers in their current and coming pattern-setting economic and political struggles, and can win them support from all sections of the American labor and progressive people's movements in our land.

The Bandung Conference

By Ajoy Ghosh

General Secretary, Communist Party of India

On March 11, when the Indian plane carrying Chinese delegates to the Bandung Conference crashed under circumstances that made it out to be a clear case of sabotage, a wave of horror and indignation swept the whole of Asia. For, it pointed out, as if in a flash, who the main enemies of the Asian peoples are, how desperate they have become, and to what shocking lengths they are prepared to go to achieve their nefarious designs.

Equally strongly did the incident show, in a single sweep, the spirit of New Asia, its sense of oneness, and the isolation of those who want to destroy that oneness.

At Bandung itself, throughout, these two opposing forces clashed and contended for supremacy: on one side was the might of resurgent Asia, and, on the other, ranged against it, were those who wanted Asia to line up behind the imperialists. At one stage, these enemies of Asian resurgence were perilously near their objective, for they almost succeeded in forcing a deadlock. And they did succeed in diluting some of the resolutions of the Conference. But finally they were overpowered and suffered a resounding defeat.

The drama at Bandung, however, was marked not only by this tussle between the two contending forces. Such a tussle is nothing unique in the Asian scene of today, since practically every country of the vast Asian and African continents are witnessing this battle between the forces of the people and the forces of imperialism.

Bandung, above all, will be remembered for certain specific features which have a tremendous significance in the world of today.

* * *

First, the diversity in the composition of States and their social systems that could be seen round the Conference table at Bandung is something unique. There were People's China and the Viet Nam Democratic Republic where power belongs to the people, who have completely liberated themselves from imperialist and feudal grips.

Then, there were countries like India, Indonesia and Burma which have won their national freedom and are defending it and resisting the warmongers.

Besides there were backward countries like the Arab States which are still heavily under the influence of

foreign imperialists and where mediaeval institutions like monarchy are still powerful.

And lastly, there were countries like Turkey and Pakistan, whose ruling cliques have sold out and have set up virtual dictatorships.

One may say that such a diverse gathering is not something unique by itself, for in the halls of the United Nations also could be seen all these varieties. What gives Bandung the stamp of uniqueness is the fact that despite these divergences, they could come to agreed decisions.

Imperialists have always wanted to prove that where States with different political and social systems meet, there can never be any agreement. They want to discredit the very idea of co-existence, and are anxious to establish that negotiations between such States can never succeed.

Bandung has refuted that imperialist thesis and has created, for the imperialists, a dangerous precedent. For such a conference coming out with unanimous decisions can only spur on the world-wide sentiments of today for settlement of disputes by agreements, and thereby spoil the "case" for continuation of international tension, for formation of war blocs.

* * *

The second specific feature of Bandung is the fact that it was a Conference of Asian and African countries. This is the first Conference where representatives of Asian and African peoples not only came together and discussed their own problems, but also took certain decisions which would help them to chalk out their own future.

Was such a conference conceivable ten years ago? At that time, in 1945, as Japan's defeat was fast approaching, the imperialist rulers were thinking in terms of reimposition of their old rule, as could be seen from the U.S. plans in China and the British Cabinet plans for India. These imperialist Powers were still banking on the hope that the fate of Asian and African peoples could be decided, not by the peoples themselves but as in the past only by the colonial Powers. But these dreams of theirs could not be realized.

In ten years, the whole situation has changed so radically that today a conference of the representatives of the peoples of these countries could make decisions about their own destiny. Not merely have vast areas been liberated from imperialist rule, but even where they are holding on to their old regimes, as in Malaya and Kenya, the imperialist rulers are facing a serious situation. This transformation, affecting such a vast number of people in such a short space of time, has perhaps no parallel in human history.

Bandung has set the seal on this remarkable development, for it marks the march forward of the once-subjected peoples of Asia and Africa. It is precisely because of this feature of Bandung that it has been ac-

claimed so enthusiastically by democratic forces all over the world, and has roused the fear and hostility of the imperialists.

For both sides correctly feel that the success at Bandung will carry forward the process of further intensification of the moral isolation of the imperialists and instill courage and confidence into those countries which are still fighting for their freedom.

* * *

Thirdly, Bandung marks the culmination of a victorious phase in the battle of the Asian masses against imperialists which began, nearly a year ago, with Dien Bien Phu and the *Panch Shila.**

Dien Bien Phu saw the abject defeat of an imperialist army at the hands of an ill-equipped people's army. It shattered all claims to imperialist invincibility and had tremendous repercussions in the minds of the people all over Asia and Africa.

While Dien Bien Phu brought about military fiasco for the imperialists, *Panch Shila* brought about their political fiasco. Ever since the emergence of People's China, their whole strategy has been to quarantine it and divide Asia into two separate blocs just as they have succeeded to a considerable extent in dividing Europe. *Panch Shila* marked the defeat of that attempt and in its turn released a chain of events which has not only brought People's China into close links with her Asian neighbors but has accelerated the political get-together of Asia.

This process set in by Dien Bien Phu and *Panch Shila*—the retreat of the imperialists, both militarily and politically, in Asia—was carried forward at Bandung, where instead of People's China, it was the Powers that came to plead for the imperialists that, in their turn, were isolated and had to fight a rearguard action.

* * *

This brings us to the fourth feature of Bandung. It met against a background where, frightened by the victorious march of the popular forces in Asia, the imperialist Powers were striving to build new ramparts for their colonial rule. The war pacts ranging from Turkey to Pakistan are evidence of this. The formation of SEATO itself shows an attempt to forge new fetters on the freedom forces in Asia. As Molotov points out:

"This treaty is motivated by the desire to strangle the national-liberation movement in Asia, and is obviously spearheaded against the Chinese People's Republic, whose international prestige was so greatly enhanced at the time of the Geneva Conference, despite the opposition of reactionary elements of all descriptions."

Not only have the imperialist

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* *Panch Shila*, literally, Five Principles, has reference to the five principles of peaceful coexistence proclaimed in June, 1954, by the Prime Ministers of China and India: Relations between states to be based on the idea of equality; noninterference in one another's internal affairs; nonaggression; mutual respect for territorial integrity; and full recognition of the national independence of other countries.—*Ed.*

Powers formed such a war bloc, they have also actually heightened war tension, as seen by their activities round Taiwan. Trying to force upon the Asian peoples the grim reality of war, the imperialists calculate upon destroying their newly-won freedom.

Against this was raised the unanimous voice at Bandung. Against the war blocs has come the solidarity of Asia. Against the new provocations at Taiwan have come new overtures for settlement at Bandung.

The imperialists wanted to turn back the wheels of history, to foil the very idea of the Conference, to divide the Asian Powers into hostile war blocs, they wanted to sow suspicions against China, and raised the bogey of "Red imperialism," and through this tried to frighten the other countries of Asia to line up behind them. The growing unity of the Asian peoples is a menace for the imperialists and they strove hard to destroy it, but failed.

Every item of the unanimous Bandung Communique bears witness to the plight of the imperialists. It hit the imperialists all along the line.

The call to the colonial Powers to free dependent peoples "with the least possible delay," the call to end racial discrimination, and the call for the world-wide disarmament and ban on production, use and testing of atomic weapons — all this goes against the very war plans of the imperialists.

Similarly, whether in the proposal for increasing cultural and economic co-operation among these Powers or in the demand for more seats in the U.N. for Asian and African States, it is the interests of the imperialists that came in conflict with the Bandung proposals.

Even Pakistan's insistence on the right to "collective defense" was hedged in with the proviso that it must not serve the particular interest of any big Power.

Finally, the very fact that unanimity could be forced even upon those who were spoiling for a split, marks the triumph of the Asian peoples over the imperialists, who, from the very inception of the idea of the Conference over four months ago, were hatching plans for sabotaging it, from the time-bomb in the plane to slanders in the Conference lobby.

* * *

What was it that defeated the imperialists at Bandung?

First, is the new spirit that pervades Asia and Africa today, the sense of solidarity among all the peoples that once suffered under imperialist heels. It is this spirit of Asian self-respect which even the American stooges had to reckon with. Turkey or South Viet Nam, Pakistan or Ceylon dared not force a split, for they feared to be condemned at the bar of the Asian peoples as the disruptors of Asia's solid phalanx.

It is no accident that among the Asian countries which have thrown in their lot with Americans, Ceylon saw the withering condemnation of

its Premier in the legislature for the unworthy part he played at Bandung. There is no doubt that none of the pro-American Powers at the Bandung Conference table was prepared to take the onus of breaking up the Conference for fear of the masses that they have to face at home.

This shows up the astounding moral isolation that the imperialists face today in Asia and Africa, an isolation which scares their stooges and halts their game of Asian disruption. It was this overpowering sentiment of Asian solidarity that smothered the disruptors at Bandung and contributed to its success.

Secondly, the great role that People's China played at Bandung helped in its success. When the proposal for the Conference was mooted a few months ago, reactionaries tried to raise objections against China's very participation on the plea that her presence might spoil the chances of the success of the Conference.

Yet at Bandung, it was China that, even by the estimate of her critics, contributed most fruitfully to its success. The superb statesmanship and extreme reasonableness that Chou En-lai displayed, his unruffled calm in the face of the dirtiest provocations, his readiness to accommodate other points of view—all this dispelled fear and misunderstanding.

The part that People's China has played at Bandung is the clearest refutation of the slander that Communism destroys freedom, for it is the generous spirit of accommodation that China's Communist statesman showed which helped to build the bulwark of Asian freedom and foiled the dividing game of those who have sold their freedom to the imperialists.

Thirdly, the role of India has contributed immensely to the success at Bandung. The firmness with which India refused to be misled by those that wanted to isolate China, and stood together with China, is a factor of tremendous significance.

Again and again, India stressed at Bandung the common interest of the Asian peoples.

Though it would have been more in keeping with India's stand had Nehru not repeated the cheap claptrap of imperialist propaganda about the "Cominform menace," nevertheless his firm stand in combating those who sought to divide the Conference by raising irrelevant issues, his strict adherence to the principle of Asian solidarity, constituted undoubtedly one of the major factors that decided the fate of the Conference.

Lastly, the cumulative effect of these could be seen in the rapid isolation of the disruptive elements. When they could not attack China openly, they trotted out slanders about "Soviet colonialism."

But such provocations instead of derailing the Conference ultimately showed them up as disruptors. They were thus cornered in a manner that any more of such tactics would have been a risk to their Asian bona fides;

they would have been open to the charge of being disruptors of Asian unity.

* * *

The defeat of the imperialists' plans at Bandung has resulted in their further isolation. And this could be seen in the tremendous pressure that has been brought upon America, in the wake of Bandung, to open negotiations with China.

It has also struck one more blow upon America's persistent refusal to let China take her rightful place in the U.N.

It has brought home to the imperialists that any fresh acts of aggression at any corner of Asia will bring in its wake the indictment not only of the Powers that stood by the *Panch Shila* but of many more, from Egypt to Indonesia. This is the new reality that aggressors will have to reckon with today in the Asia after Bandung.

The march of freedom that was seen in every Asian country at the end of the Second World War was marked not only by the shaking off of the fetters of age-long slavery by Asian peoples, but also by their growing solidarity, their coming closer to each other.

In the new world that dawned on them, they were faced with the triple task of defending their own national freedom, of resisting the imperialist war drive and of upholding the cause of Asian solidarity.

And as days passed, these three tasks were getting more and more identified with each other. More and more could the Asian peoples find that the very imperialist Powers that threatened their national freedom were trying to provoke new wars, more fearful wars with atomic weapons. Side by side has come the realization in the Asian countries that if these twin threats are to be warded off, they have to come closer and closer together.

Today this is rapidly becoming part of the consciousness of the vast millions of Asia. This way lies the struggle for resistance to war and the struggle for the achievement of Asian solidarity. If Asia is to be saved from the provocateurs of war, all her peoples have to close up their ranks.

If any Asian country has to defend its national independence, it cannot do so in isolation but only with the support of other Asian countries, by quarantining the aggressor. Thus the struggle for Asian solidarity has come to be identified with the struggle for independence, for the building of a better life, for peace in Asia.

In this new and significant struggle, Bandung stands out as a great landmark. For it showed what mighty strides Asia has taken towards the building of solidarity not only among her own peoples but has also extended it to embrace the struggling peoples of Africa.

And so it is Bandung which helps us today to find out who are the well-wishers of Asian solidarity and, there-

fore, of Asian peace and Asian freedom, and who are its adversaries.

From the camp of Socialism have come all the best wishes for Bandung, with the Soviet Union acclaiming its significance.

From the camp of imperialism have come all the curses and intrigues against Bandung, ranging from murderous attacks to briefing of stooges for disruption, and in this America took the lead.

Bandung has thus revealed what are the "two blocs" that divide Asia and the world today—the camp of freedom and the camp of imperialism, and not the two blocs that many, including Nehru, sometimes equate with each other.

Bandung has heightened our understanding of the great forces that are at play in Asia today, and it has also shown the way imperialists can be cornered. These are issues that are the common concern of every Indian.

The task of carrying the message of Bandung to every corner of the country, to educate and enlighten every citizen about the stakes that face our country and Asia, is a task that all have to carry out, no matter to what organization we may belong.

There are yet elements in our country that are hostile to these decisions, elements of reaction that are anxious to retain India for the imperialists.

Only a country-wide campaign, broadcasting the message of Bandung can defeat such moves and enable India to go forward towards a second conference that was proposed at Bandung, a conference that will include many more countries of Asia and Africa, a conference that will further consolidate the unity of Asia.

Steve Nelson's "The 13th Juror"

By William Z. Foster

STEVE NELSON'S new book, *The 13th Juror,** is the story of his recent conviction and sentencing to 20 years' imprisonment under the Pennsylvania Sedition Act. It is a splendid piece of writing, a real document of the class struggle. Written in Steve's graphic style, the book is a compelling story, and it will awaken the reader to a growing sense of the fascist danger in the United States.

In their drive towards fascism and war, the reactionaries confront as a prime necessity the need to stifle the voices of all those who dare to speak and act against the pro-war line of the Government and its monopolist backers. To this end, they are undertaking to reduce the Communists, the boldest and most clear-spoken force for peace and democracy, to a status of second-class citizens, not entitled to the rights commonly enjoyed by other citizens. Never before, save in the case of the oppressed Negro people, has this country experienced the like.

Official reaction has stripped the Communists of many elementary citizenship rights—to work in industry and the government services, to serve in the armed forces, to travel abroad, to hold public office, to act as trade union officials, and the like. This second-class citizenship status has been written into legislation through a whole series of fascist-like laws, such as the Smith Act, the McCarran Act, the Communist Control Law, and many other pieces of vicious federal and state legislation, always with savage penalties attached. By the same token, also, there have grown up in the courts many biased rules and procedures which, disregarding all democratic precedents, are calculated to frame up and railroad Communists to jail with the greatest possible dispatch, without regard for law or justice. These special court procedures, designed to apply only to Communists (along with the usual quota of Negro victims) include thought-control trials, crooked prosecutors, lying stool-pigeons, biased judges, intimidated juries, trials of books, double jeopardy, and the like. All are added to with liberal doses of contempt and perjury charges, outrageous bail, savage prison sentences, and similar practices, crassly violative of the most fundamental American citizenship rights.

* Published by *Masses and Mainstream*, N. Y., 256 pp., $1.50 (paper); $2.50 (cloth).

Steve Nelson's trial, in January 1951, in Pittsburgh, Pa., the subject of his book, highlights in the most shocking manner all these infringements upon popular rights, supposedly guaranteed by the Bill of Rights. The charge of sedition, carrying with it a penalty of 20 years in prison, was in itself a most monstrous thing. The whole accusation, which was upheld by the obviously biased judge, was purely a trial of books, of Marxist classics, which were not only on sale in the bookstore across the street from jail, but were to be found in leading public libraries all over the country. At the end of the so-called trial the judge cynically pronounced a barbarous sentence of 20 years upon Nelson, as had been meted out previously to James Dolsen and faces Andy Onda.

Characteristic of the crass violation of legal and democratic precedents and practices, as far as Communists are concerned, was the fact that Nelson was shortly afterward "convicted" under the Smith Act and given an additional five-year sentence. This was indisputably a case of double jeopardy, as he was convicted for precisely the same "crime" in both instances. It was a clear violation of the U.S. Constitution, and the injustice of it is further intensified by the fact that Nelson faces still another indictment, for Communist Party membership, which would mean triple jeopardy.

Nelson's was a kangaroo trial, such as are those of all convicted fighters under the pro-fascist Smith and sedition laws. Except that this trial was even more degraded and reactionary than any that had preceded it. Nelson was legally lynched, if one wants to stretch the word "legally" beyond any semblance of its intrinsic meaning.

Illustrative of the lynch atmosphere surrounding the trial was the fact that Steve Nelson was unable to induce a lawyer to defend him, as scores of those to whom he applied refused him point-blank. Consequently, he had to act as his own attorney. An example of the "fairness" of the judge in the case, Judge Harry M. Montgomery, was had in the fact that Nelson had to go to trial without any time whatever in which to prepare to defend himself. As he puts it, he had only one night in which to study the book, *The Art of Cross Examination*.

Nevertheless, Steve Nelson did a splendid job. With the same militant spirit that he showed in fighting fascists during the Spanish Civil War, he battled against the American brand of fascists at his trial. He slashed and stabbed the stoolpigeons Crouch, Cvetic, and others on the stand, and he made a cringing whimperer out of the Mussolini protegé, Judge Musmanno, of the State Supreme Court, who as a notorious McCarthyite and agent of the local fascist outfit, "Americans Battling Communism," was the real instigator and conductor of the trial.

Nelson fought magnificently, de-

fending himself by delivering a hard offensive against his accusers. His cross-examination of the several State's witnesses is one of the finest pieces of class-struggle literature that we have. Nelson fought in the spirit of his great predecessor Dimitrov before the Nazi Court at Leipzig in 1933. The big difference between the two trials, however, was that Dimitrov won an acquittal even from the Nazi court, on the basis of tremendous international mass pressure, while Nelson, lacking such pressure, was convicted. Such mass pressure today can assure Steve Nelson's freedom here.

Of special significance in Nelson's trial was the utter failure of the jury. This, of course, has been a routine occurrence in Smith Act and other thought-control trials. The experience to date has been that, regardless of the evidence brought before them,—let the State's case be utterly without substance—the juries, surrounded by an atmosphere of intimidation, automatically bring in verdicts of guilty. So far as Communists on trial under the thought-control laws are concerned, the jury system, treasured for centuries by the English and American peoples as one of their most valued political possessions, has just about collapsed. Steve Nelson's case, in practically every respect, displayed the current breakdown of the law, the courts, and the jury, where Communists are involved, but always in the most exaggerated forms. Thus, Nelson in one of the sharpest criticisms of the jury system ever made in this country, tells how one of his jurors, who had appeared to be favoring the defense, was slugged on the street and warned by his assailants that, "This will teach you how to vote." In the jury room also, when the case was being deliberated, the same juror was so brutalized and intimidated that he felt compelled to cast a guilty vote against his will. This case cries out to high heavens for an investigation, which, of course, it will never get short of a strong mass demand.

The Supreme Court of Pennsylvania has annulled the Nelson conviction in the lower court, holding in substance that in the matter concerned the Smith Act, covering this question, superseded the state sedition law, and that by implication all prosecutions for "subversion" and "sedition" must be under Federal law. The Pennsylvania State's attorney, however, disagreed with this conclusion, and together with 26 other State's attorneys, representing the many states possessing this type of ultra-reactionary legislation, including such key industrial states as New York, Illinois and Michigan, appealed the case to the Supreme Court of the United States.

Here we have the principle of state's rights raised over again in defense of reaction. This has been the case time and again in American history, as the Negro people have repeatedly experienced to their bitter cost. Reaction has long since learned

that it is much easier to rush through its anti-democratic propositions in the dark of the moon on a state basis, so to speak, than to make national issues of them through proposals for federal legislation. This is why they are so eager for state right-to-work laws, state contro lof anti-lynch laws, state control of school desegregation, state thought-control laws, etc. It is of the greatest importance, therefore, that these modern pro-fascist advocates of state's rights be defeated in the Nelson case. If they win, we surely can expect a new deluge of reactionary legislation of various types on a state's rights basis, starting first in those states where organized labor is the weakest and gradually spreading this poison into the others.

There must be no complacent reliance upon the idea that the U.S. Supreme Court will knock out the whole batch of state sedition laws. It is a fact, of course, that during the recent past the High Court has made several rulings against the worst features of the Jim Crow system; but let us not conclude from this that the upper court has suddenly grown progressive. A big factor in bringing about these anti-Jim Crow decisions, in addition to the rising struggles of the American forces against Jim Crow, has been the continuous and powerful international condemnation of Jim Crow in the democratic and socialist countries of the world. Even the arrogant Wall Street imperialists must pay some attention to this pressure.

In considering the Supreme Court on this whole matter, therefore, let us remember that it was precisely this court which ruled the Taft-Hartley, Smith Act, and several other such laws to be constitutional and it has also refused to correct even the worst kangaroo proceedings in the Federal courts in railroading to prison the victims of the various thought-control laws. If the American people want the barbarous state sedition laws abolished, and they certainly do, they had better let the Supreme Court know this fact in no uncertain terms. The Nelson case offers a good opportunity to do this effectively.

In the censure of McCarthy recently the American people scored a significant victory. They loosened very considerably the iron clamp of fear and intimidation that was daily being fastened tighter and tighter upon the minds of the American people. They can register another big victory to the same end if they will give all-out backing to the defense of Steve Nelson. One of the very best means in this general respect is to circulate far and wide his stirring book, *The 13th Juror*.

Is the Economic Cycle "Under Control"?

By Mary Norris

THE THREAT of depression has loomed on our economic horizon three times in the ten years following World War II. In each case, however, the decline failed to develop into a full scale economic disaster. The conclusion being drawn by most bourgeois economists (as well as by many other individuals) is that capitalism has finally learned how to prevent economic crises.

Although this claim is reminiscent of optimistic predictions made in the twenties, it is not couched in the laissez-faire economics of that day. Few economists would any longer argue that the natural workings of capitalism, left unhampered, will lead inevitably to uninterrupted prosperity. Nor is it asserted, on the other hand, that all cyclical fluctuations can be eliminated. The basic argument is simple. Acute economic crisis imperils the existence of the capitalist system; it can and will be prevented through government intervention. This proposition represents the essence of Keynesian theory, which today dominates bourgeois economics. Differences between economists now tend to center on the scope and nature of government action, rather than the need for it.

VARIANTS OF KEYNESISM

There are several main variants of this approach. First is the official viewpoint of the Eisenhower Administration, embodied in the President's Economic Reports, and in the pronouncements of Arthur Burns, Chairman of the President's Council of Economic Advisors. The Administration has from the outset stated that government action should be taken to avert severe depression. It goes further, and alleges that, as a result of its economic policies, the business cycle is "under reasonable control". The upturn which began in the last months of 1954 is cited as proof.

The Administration, of course, lays its main emphasis on measures to stimulate private investment, including large-scale arms production, sweeping tax bonanzas and other subsidies for large corporations, vast credit expansion, and other forms of giveaway programs for the rich. One or two limited concessions to the needs of the people have been

forced by growing mass pressure, but the basic orientation of the Administration remains that of guaranteeing maximum profits to Big Business.

Labor and liberal economists advocate a different type of government intervention to prevent crisis, insisting that present policies cannot successfully do this. They call for measures to expand mass purchasing power as the main form of anti-depression action, including higher wages, full parity income for farmers, extensive public works, broadened social security, and so forth. Their viewpoint is reflected in the position taken by many Democratic Party leaders, although conservative Democratic elements hold a position more like that of the Administration. Moreover, both political parties support a continuing high level of military expenditures.

A special variation is the argument that the business cycle is being "broken up." According to this view, different sectors of the economy no longer need move together, or even in the same direction during a given period of time. Rather, some parts of the economy may be expanding, while others contract. This occurred during the most recent downturn, when construction and consumer spending grew although industrial production and farm income dropped. Thus while cyclical fluctuations of each sector of the economy will continue, these no longer need cause a cyclical crisis of the economy as a whole. A main aim of government policy must therefore be to insure that this trend toward break-up of the cycle continues.[1]

In a somewhat different category is an analysis made by the *Monthly Review,* edited by Paul M. Sweezy and Leo Huberman, in which the possibility of a major depression in the years ahead is ruled out.[2] This article takes note of the historical tendency toward deeper, more prolonged crises inherent in capitalism, and points out that this is the principal motive for expansion of government participation in the economy. It is argued that the economic and political pressures generated by the threat of acute crisis will compel the government to take economic measures of sufficient scope to avert a major depression. The key issue is the nature of these measures: will they be for "warfare or welfare"? Considerable stress is laid on importance of mass struggle

[1] This position, advanced by Sumner Slichter, is summarized in an article entitled "The Break-Up of the Business Cycle" appearing in the *Harvard Business Review,* January-February, 1955, Vol. 33, No. 1. He cites five main reasons for the break-up of the cycle: (1) changes in financing of construction, particularly long term, low interest mortgages, many of them guaranteed by the federal government; (2) the high backlog of unfilled orders in manufacturing, due primarily to military expenditures. (If this should be drastically reduced, he assumes a long range, large scale "development program" would be substituted); (3) use of federal fiscal policy to curb inflation and depression; (4) checks to the decline in personal income, especially the social security program and farm payments; (5) the tendency for private investment to be planned on a more long range basis, and to be less subject to curtailment in the event of a limited decline. All of these factors rest basically on economic and fiscal policies of the federal government. Even the fifth item, if it is an element in the picture, is due largely to government financing of private investment by one or another means (tax concessions, loans, outright subsidy, and government contracts).

[2] "Reflections on the Economic Outlook," *Monthly Review,* December, 1954, Vol. 6, No. 8. This unsigned article was presumably written by the editors.

in determining the actual outcome. This position obviously differs positively in many respects from those previously outlined. We can agree with a number of the specific points made and certainly with the importance of the struggle over government economic policy. We must, however, dispute the practical and theoretical validity of its contention that the possibility of a major depression can be ruled out.

The general line of argument embodied in the above variants constitutes the most important current challenge to Marxist political economy, centered on its analysis of economic crisis. But the issue involved cannot be disposed of by a simple recapitulation of Marxist theory on this question, including the inevitability of economic crisis under capitalism. An analysis is also required of economic trends before and after World War II as they relate to the cyclical development of capitalism. We must answer the question: how has the economic cycle changed in recent years and what is its probable future direction? Slowness in tackling this problem permitted another incorrect concept to develop in our own ranks during the post-war period, namely the tendency to believe that each economic downturn constituted the onset of a crisis of the 1929 type. Correction of this tendency, in the course of combatting Keynesian illusions about control of the economic cycle, is necessary to the elaboration of both our theory tactics.

BASIC CAUSES OF CAPITALIST CYCLE

At the outset, a brief and necessarily oversimplified description of the typical capitalist economic cycle and its basic causes may be useful. The cycle normally consists of four phases, ending with the crisis. Thus the first phase of a particular cycle is found in the period of stagnation or depression which follows the previous crisis. This is succeeded by recovery, which in turn gives way to a feverish boom period, only to end once more in collapse. Engels gave a classic picture of this process in the following words:

"Production and exchange gradually begin to move again. Little by little, the pace quickens. It becomes a trot. The industrial trot breaks into a canter, the canter in turn grows into the headlong gallop of a perfect steeplechase of industry, commercial credit, and speculation, which finally, after breakneck leaps, ends where it began—in the ditch of a crisis."[3]

The basic cause of these periodic crises is the contradiction between capitalism's tendency to develop productive forces as though they had no limit, and the limited nature of the market, which is restricted by the conditions of capitalist exploitation.

The crisis is thus one of relative overproduction, that is overproduction relative to the market. During

[3] Engels, *Socialism, Utopian and Scientific*, p. 64.

period of recovery and boom, gap between productive capacity and the consumer market is temporarily filled by the expansion of capital investment, i.e., the purchase of plant and equipment for future production. But such new investment is destined ultimately to swell the output of consumer goods. And so the expansion of capital investment which characterizes recovery and boom, is eventually halted by the limits of the mass market. Thus the capitalist drive for unlimited production of surplus value and accumulation of capital collides with the limited possibilities for realizing this surplus value through the sale of the commodities in which it is embodied.

The crisis itself is the point at which this contradiction comes to a head, with the result that virtual paralysis spreads through the entire economy. Production slows to almost a halt. Capital, in the form of idle factories, unused raw materials, and unsold commodities, falls sharply in value. Small concerns go under by the thousands. Financial crisis often accompanies the general economic crisis, bringing widespread bank failures and "money panics."

During the period of stagnation which follows, stocks of surplus commodities are gradually worked off or destroyed outright. Productive facilities deteriorate or may even be dismantled. Meanwhile the pressure of mass unemployment drives wages down and increases the rate of profit for those concerns that are still in operation. Gradually conditions are created for a renewed wave of production and capital investment. Thus the crisis which marks the culmination of one cycle, simultaneously paves the way for the next round.

There have been thirteen such major crises of overproduction in the history of the United States, most of them coinciding with crises in the capitalist world as a whole. They have varied in depth and intensity; during the last hundred years, the most severe were those of 1873, 1893, and 1929. They have also differed with respect to specific features: for instance some were accompanied by financial crises, and others were not; in the most severe ones, industrial production and construction both declined, while in others production fell as construction was still on the rise. The period of the cycle has also fluctuated, but its four phases have generally occupied an average of ten years.

As capitalism passed into the imperialist era, significant changes in the cyclical pattern began to take place. Crises tended to become more widespread, more severe, and more prolonged. More widespread because imperialist penetration enmeshed every part of the globe in the capitalist system and therefore in the forces making for crisis. More severe, because the gap between productive capacity and the market became larger and began to hamper the further expansion of productive forces. More prolonged because

fresh market possibilities became exhausted as the world was divided up between rival imperialist powers.

GENERAL CRISIS

This tendency, apparent even prior to World War I, was greatly intensified by the onset of the general crisis of capitalism following that war. "General crisis" refers to the political and economic crisis of the capitalist system as a whole, which occupies an entire historical period, as distinct from periodic or cyclical economic crises. It was precipitated by the results of World War I, specifically by the Bolshevik Revolution which removed one sixth of the world from the sphere of capitalist exploitation. Capitalism was no longer the single, all embracing world economic system. For the first time in its history, the capitalist world was forced to contract, with far-reaching economic and political consequences. This general crisis of capitalism has, of course, deepened following World War II, as China and the countries of eastern and central Europe took the path toward Socialism, enlarging the sector wrested from capitalism to one-third of the globe.

The general crisis has had a marked effect on the character of the capitalist economic cycle. First, it accentuates the tendency toward deeper crises, longer depressions, limited and insecure periods of recovery and boom. To put it another way, the economic cycle has lost much of its power of "self-generation"; periods of crisis and stagnation no longer automatically reestablish the basis for renewed expansion. The gap between productive forces and the market widens, as a consequence of the operation of the law of maximum profits. Moreover, there are no longer any new continents to conquer; instead, the capitalist world is shrinking. Thus the basic tendency is toward crisis and stagnation.

Second, the general crisis has given impetus to the development of state monopoly capitalism, which further distorts the normal course of the cycle. Faced with the economic and political results of the tendency toward chronic depression, monopoly capital seeks new means of enlarging its profits and preserving the capitalist system. This has led to the growth of government intervention in the economy, or more correctly, to strengthening the tendency toward state monopoly capitalism. This is associated primarily, although not exclusively, with war and war preparations. Government economic measures have been used to stimulate recovery, to delay the outbreak of acute crisis, and to prepare or conduct a war. Today, of course, anti-depression measures primarily take the form of war expenditures. The forms of state monopoly capitalism include subsidies to capitalist concerns (loans, tax concessions, outright subsidies, war contracts, etc.),

government assistance to cartellization of the economy, and various types of regulation and controls which will serve the purposes of monopoly capitalism. In a war or permanent arms economy, the government also guaranteed a major part of the market. Such measures tend to alter the timing and general pattern of the economic cycle, but they also simultaneously intensify the basic contradiction leading to eventual crisis.

Third, a new level has been reached in the relation between economics and politics, in which the two are far more intimately interwoven than ever before. Government economic policy is a major political issue, and mass struggles around it may have a determining influence on the specific timing and exact nature of various phases of the cycle. Such struggles can especially help to safeguard the masses from the worst effects of economic decline and depression. This does not mean that the law governing cyclical development can be eliminated under capitalism, but it does mean that its impact can be limited through economic and political struggle.

How have these three tendencies been reflected in the cyclical development of the American economy since, from the first World War to the present?

World War I delayed the impact of the tendency toward chronic depression, but at the same time it accentuated basic crisis elements in the economy. After the war, the United States, like the rest of the capitalist world, entered a chronic agrarian crisis, which was aggravated by the wartime expansion of production for which no commensurate post-war market existed. The capitalist world also experienced a marked post-war cyclical crisis, which hit the United States in 1920-21 when a drop in production and rise in unemployment took place. But the full impact of the tendency toward stagnation was not yet felt during the twenties. Although certain capitalist countries, notably Great Britain, were already confronted with chronic mass unemployment and a chronic surplus of capital, capitalism as a whole underwent a period of relative stability and prosperity. This was especially so for the United States, which came out of the war in a stronger position *vis-a-vis* the other imperialist powers, and which sustained its prosperity during that decade mainly through large foreign loans.

Under these circumstances, there was no marked expansion of government economic action in the post-war decade. Although there had been extensive growth of state monopoly capitalism in the United States during World War I, most wartime economic measures were subsequently abandoned. Their consequences, however, remained in the form of increased monopoly domination of the economy. No important new forms of state monopoly capitalism developed up to 1929 with

the possible exception of fresh government credit measures for agriculture. Mass struggle over government economic policy also lay primarily in the future. There was some pressure from the farmers, who faced mounting difficulties. But the labor movement was still committed in the main to the course of "pure-and-simple" unionism and opposed even so mild a reform as unemployment insurance.

Thus, during the decade of 1919-1929, the economic cycle in the United States retained most of its "normal" characteristics as far as surface appearances were concerned. But beneath the "normalcy," forces making for marked changes were gathering, foreshadowed in the developing agrarian crisis.

With the 1929 crash, the United States entered the most acute crisis and longest depression in the history of world capitalism. The crisis itself lasted from 1929 to 1932. Industrial production was cut in half. Unemployment rose to fifteen million. Farmers' cash income dropped 70 per cent and foreign trade fell 60 per cent. A major banking crisis also occurred, reaching its sharpest expression in the 1933 "Bank Holiday."

THE NEW DEAL

The crisis and ensuing depression led to the most extensive peacetime development of state monopoly capitalism in our history. The most important government economic measures were enacted during the Roosevelt Administration, although one or two were inaugurated by Hoover (such as the Reconstruction Finance Corporation). They were shaped by two main factors. First, by the objective of saving the capitalist system, which represented the central motive of the New Deal. In general, and especially from 1935 on, the Roosevelt Administration represented the bourgeois-liberal method of meeting this problem, as contrasted with the fascist solution, and reflected the split in monopoly capital over this issue. The second element shaping government economic policy was the growing pressure of great mass struggles, including a tremendous unemployed movement, organization of basic sectors of the working class into unions, a militant farmers' movement, the rising struggle for Negro freedom, and a broad youth movement. These played a major role in blocking fascism and in forcing important concessions to the masses.

The most important governmental economic measures of this period may be grouped as follows:

1. Steps to save and rehabilitate those sectors of monopoly capital most severely shaken by the crisis, especially the financial and banking system, the railroads, insurance companies and utilities. These were bailed out by enormous loans from the R.F.C., and in some cases by government directed reorganization.

2. Steps to promote industrial recovery through higher prices and

profits. These included devaluation of the dollar and the NRA industrial codes which legalized monopoly price fixing. These measures did succeed in increasing prices and profits as planned, but they had the reverse effect upon production and employment.

3. Efforts to overcome the farm crisis through limitation of production, government price supports, and more liberal credit facilities, measures which aided chiefly the large commercial farmers.

4. Direct government spending to provide jobs and stimulate the economy, including work relief, public works, water and power projects, and the like. Most of these "pump-priming" expenditures were of a non-military nature.

5. Other concessions to labor and the people generally, including social security, unemployment insurance, wage-hour legislation, the Wagner Labor Act, etc.

The initial program of the New Deal was centered on the first three sets of measures. The last two received major attention only as it became clear that recovery was not being achieved, and as mass pressure for a jobs program, and other measures to aid the people grew. Although New Deal policies thus shifted in emphasis, the basic objective—to preserve the capitalist system—never changed.

Even with the change in emphasis, however, recovery continued to be slow and halting. As late as 1937, industrial production had not yet reached the 1929 level, and there were still about seven million unemployed. In the last months of 1937, a fresh decline began, which lasted into 1938 and cut industrial production by one third, while unemployment rose to ten million.

This downturn, while fundamentally a reflection of the persistent, unsolved market problem, was apparently precipitated by two immediate causes: (a) the "sitdown strike" of Big Business which represented pressure from the Right on the Roosevelt Administration in the face of the 1938 elections, and (b) a marked reduction in government expenditures, particularly the virtual liquidation of the W.P.A.

Government spending was subsequently increased. This contributed to a rise in industrial production which started in the last months of 1938. But unemployment remained enormous, totalling about nine million in 1939. The protracted depression came to an end only with the onset of World War II and the resulting development of massive war production.

Thus, in the thirties, the basic tendency toward chronic depression was unmistakable. Even the extensive measures of the New Deal were unable to produce more than a limited, incomplete recovery, although concessions won by mass struggle did begin to provide the people with some protection from the worst effects of the long stagnation. But only World War II put an end to the Great Depression...

THE WAR "SOLUTION"

This "solution" not only cost a terrible price in lives and general world devastation. It also aggravated the fundamental economic problems of the capitalist world. The general crisis of capitalism deepened as new nations took the road to Socialism. Two world markets, one capitalist and one socialist, came into existence. While trade between these two sectors is entirely possible, one third of the globe is now unavailable for imperialist penetration. Moreover, as the national liberation movement spreads and develops, the colonial and semi-colonial countries are offering increasing resistance to such exploitation.

The war also accentuated disproportions within capitalism. In general, it resulted in the swollen growth of war industries at the expense of the consumer-goods sector. It brought mass destruction of productive facilities in Europe and parts of Asia, while simultaneously the productive capacity of the United States was enormously enlarged.

Wartime state monopoly capitalism developed on a far vaster scale than in World War I, guaranteeing the profits and increasing the domination of the largest monopolists. This was the case in the United States, as in other capitalist countries, despite the few economic concessions granted labor and the people (limited price and rent controls, F.E.P.C., the excess profits tax, etc.). Its results are written in the enormous wartime profits of the great corporations.

These developments deepened the basic economic difficulty facing capitalism, i.e., the problem of the market; and laid the basis for economic trends after the war.

POST-WAR TRENDS

Post-war economic trends in the United States exhibit three important features relative to the cyclical development of the economy. These are (1) profound underlying instability; (2) postponement of acute crisis and distortion of the cycle by war production and inflation; (3) intensification of the basic contradictions leading to eventual crisis or war.

American capitalism is much more unstable today than after World War I, as is evidenced by the fact that it has experienced three general declines in ten years, each of them caused by overcapacity and/or overproduction relative to the market. In every case, the central element in postponing acute crisis has been war—either the aftermath of war, preparation for a new war, or war itself. Vast credit expansion, in addition to the inflationary effects of large scale arms production, has been the other main element delaying a major crisis.

The first post-war slump actually began during the war. Industrial production reached its wartime peak of 239 in 1943, and thereafter declined to a low of 170 in 1946, a

drop of almost 30 per cent. Once the government's requirements for war material began to fall, the greatly expanded productive capacity of the country far exceeded the market. Unemployment grew, reaching between two and a half to three million in 1946. This figure would have been considerably larger had it not been for the fact that part of the cut in production represented a reduction in overtime, and some war workers left the labor force.

Recovery began in 1947, and by October, 1948, industrial production was at 199. While this was below the wartime high, the country was experiencing something of a post-war boom, based largely on the special position of the United States following the war. Europe and parts of Asia had been devastated, and were suffering a post-war crisis of underproduction. The United States was therefore able to expand exports rapidly in the immediate post-war years. Furthermore, many corporations had postponed capital replacement during the war; the installation of new plant and equipment therefore constituted an important part of the market. A fairly extensive domestic consumer market also existed, as there had been considerable postponing of consumer buying, especially for cars and other unavailable durable goods. Although the vast bulk of wartime savings were in the hands of corporations and wealthy individuals, some savings had been accumulated by workers, farmers, and the middle class. Furthermore, credit restrictions began to be relaxed, and this helped buoy up the market among the mass of the people. Finally, although there was a big drop in military expenditures after the war, government spending for arms remained at a much higher level than before the war.

These special post-war factors played out quite rapidly, however, and the second decline began at the end of 1948, lasting through most of 1949. Production fell to 163, or over 18 per cent, and unemployment rose to about five million. This reflected both the limitation of the domestic market and a decline in exports. Bourgeois economists tried to minimize the significance of the decline by referring to it as "an inventory recession," but the reduction of business inventories was simply an expression of the fact that overproduction had taken place. This was also indicated in a substantial reduction of investment in plant and equipment.

The growth of arms production and launching of the Marshall Plan brought about an upturn at the end of 1949. In effect, cold war economic policies meant exporting depression to Europe, where the United States proceeded to dictate the terms of its "aid," so as to guarantee an outlet for American surpluses. But the economy began to falter again at the start of 1950, and a fresh decline would probably have taken place had it not been for the Korean war. This brought a new war boom which

lasted from June 1950 to the latter part of 1953. The consumer industries, however, experienced a virtual crisis in the very midst of the boom, and only regained some degree of prosperity with the ending of government curbs on consumer credit in mid-1952.

Finally, there was the decline of 1953-1954 which followed the ending of the Korean war. Industrial production fell nine per cent, and unemployment again rose to about five million. Farm income declined steadily both before and after the general downturn. This slump was characterized by renewed overproduction of consumer goods, especially durables, continued accumulation of farm surpluses, and a cut in capital investment, all of which emphasized the continued critical problem of the consumer market, despite the enormous increase in consumer credit since World War II.

Elements curbing the decline included a continued high level of military spending (despite some reduction in the arms budget), a construction boom based on the tremendous expansion of home mortgages, a slight increase in non-military exports, and maintenance of consumer spending at a fairly high level, especially by the middle and upper income families.

These factors, however, only limited the decline. An actual upturn did not begin until the late fall of 1954, when the auto industry entered production on an unusually large scale. Up to the present, recovery rests on this comparatively narrow base, with auto and construction providing the main stimulus. Furthermore, important crisis elements persist and deepen. Unemployment stays at a comparatively high level, despite the upturn in production. Farm income continues its decline, indicating the sharpening of agrarian crisis. The number of business failures mounts. Present economic trends and current government policy thus do not indicate a protracted boom. The outlook is rather one of renewed downturn, although not necesarily an immediate acute crisis. Of course, the Eisenhower Administration will try to delay any such decline until after the 1956 elections, but it is questionable whether it will succeed.[4]

From the foregoing it is apparent that various state monopoly capitalist measures (centered primarily around military production and credit expansion), combined with the special post-war position of the United States have three times postponed the threat of severe crisis. In one case, this required a shooting war. The immediate effect has been to distort the cycle into one which is characterized by decline, recovery, and boom, but with no acute crisis or prolonged depression. This, however, constitutes only the more superficial consequences. It does not mean that the economic cycle is now "under

[4] For a more complete discussion of the 1953-54 decline and subsequent upturn, see my article, "The Nature of the Present Recovery," *Political Affairs*, March, 1955.

control" or that the government can permanently avert acute crisis. The conclusion must rather be drawn that, state monopoly capitalist measures may alter the timing and shape of the cycle and for a period postpone acute crisis but they simultaneously result in accentuating the basic contradictions propelling capitalism toward eventual crisis and war. This latter point is borne out by economic trends in the United States today.

THE PRESENT SITUATION

The gap between productive capacity and the consumer market has widened. Total productive capacity in the United States is now about 60 per cent higher than in 1945 and probably 90 per cent greater than in 1941. This unprecedented expansion was brought about in two ways:

(a) Government subsidy on a vast scale. This includes government loans, special tax concessions, outright government investment in new facilities (subsequently managed, leased, or purchased at bargain rates by the big corporations), and of course, government arms contracts. The latter also provide a market for part of the output of the expanded capacity.

(b) Accumulation of corporate profits on the largest scale in history. The annual average of corporate profits after taxes has risen from pre-World War II years as follows:

1938-39: $4.1 billions; 1940-45: $9.2; 1946-50: $18.6; 1951-53: $19.4.

But these basic features of an arms economy also tend to undermine and limit the consumer market. The enormous corporate profits arise first of all from the increased intensity of labor (speed-up associated with rising productivity), and from the lower real wages of the workers. Second, they are drained from the overwhelming majority of the people—farmers, other small producers, the middle class generally, in addition to the workers—as a result of monopoly "milking" of the entire economy, including monopoly prices. War contracts and government subsidies are also paid for by the people in the form of higher taxes and prices (the latter a result of the inflationary effect of the huge national debt, over and above the high prices set by monopoly.)[5]

Although large scale arms production provides employment for a section of the working class, the new, modern plant and machinery installed over the last ten years are now bringing a marked increase in unemployment, with even more drastic consequences in view as automation spreads. This also narrows the consumer market.

Large scale military productions thus tend to result in crisis for the consumer goods industries, which eventually affects the market for capital goods as well. It is significant that the last two general downturns

[5] For extensive discussion of these points, see H. Lumer, *War Economy and Crisis*, especially chapters 2-4.

of the economy (in 1949 and 1953-54) were touched off by overproduction of consumer goods. Furthermore, in the very midst of the Korean War, there was a sharp decline in production of consumer goods. At first this was ascribed to a shortage of war materials. But it turned out that this was not the case, and that the basic cause was overproduction. The elimination of virtually all credit curbs in June, 1952 helped to stem this "crisis within a boom," but by 1953, the problem had again become acute.

This remedy—expansion of consumer credit—can never be more than a temporary one, since it represents mortgaging of future income rather than an increase in actual mass purchasing power. Moreover, in a period of slump, it can become a major factor sharpening the decline, since widespread inability to pay sets off a chain reaction involving retailer, wholesaler, manufacturer and the banks.

In any event, there is a limit to the expansion of such credit, which many bankers and economists think has about been reached. The volume of total consumer credit at the end of 1954 was over $30 billion, of which $10.5 billion was in auto loans and $5.6 billion for other consumer goods. This does not include a record breaking figure of $75.6 billion in home mortgages.

Despite the phenomenal increase in consumer credit since the war (from $5.6 billion in 1945 to over $30 billion in 1954), there is substantial over-capacity in consumer goods industries. This was pointed out in a recent survey made by a conservative business magazine, from which the following figures were taken or computed.[6] Auto is probably the largest single industry in the United States. In this industry, expected output for 1955 will leave excess capacity of 26.7 per cent. For television, the rate of current output leaves over 25 per cent excess capacity. For other durable consumer goods, excess capacity at the current rate of output is even higher: electric ranges, 44.6 per cent; vacuum cleaners, 46.3 per cent; refrigerators, 56 per cent.

In the field of light consumer goods the situation is no better. Textile has been one of the sick industries for over two decades. At the present rate of output, cotton production is running at about two-thirds of capacity (measured by bales consumed in production) and wool and worsted at around 30 per cent. This is partly due to the introduction of new synthetic fibers, but there is also a basic overcapacity in the industry in relation to both domestic and foreign markets. For example, in the twenties, the United States provided 60 per cent of world exports of cotton; its share is now only 30 per cent.

The situation in agriculture is even more serious. Despite the drastic reduction in crop acreage, farm surpluses continue to mount, with

[6] *U.S. News and World Report*, March 11, 1955.

$7.2 billion of them held by the federal government alone at the end of 1954 (this includes only price-supported crops). Wheat acreage will have been cut about 30 per cent from 1953 to 1955, yet a surplus is expected this year, in addition to the $2 billion in wheat held by the government at the start of 1955. Cotton production will be down one-third from 1953 to 1955, yet here too a surplus is expected.

The crisis in agriculture is due in large part to the limitation of the domestic consumer market, as well as to the decline in farm exports which have fallen 30 per cent in the last three years. However, it has been aggravated by the government's cut in price supports. The result has been a drop in net farm income of 28 per cent since 1947 and 10 per cent since 1953. This has fallen most heavily on the small and middle farmers, many of whom are being driven from the land.

The growth of a permanent arms capacity has clearly accentuated the disproportion between various lines of industry, at the same time that it has widened the gap between productive capacity and consumption. Agriculture is now in chronic crisis, the weight of which falls on the small and middle farmers. Consumer goods industries have undergone repeated declines and face a still more precarious future as the limits of credit expansion are reached. Meanwhile the war industries—aircraft, chemicals, key metals, and atomic weapons—flourish. The disproportion between grant corporations and the smaller producers likewise grows as is evidenced in the higher rate of profits accruing to the larger concerns, the widespread merger movement, and the steady increase in business failures.

If this general course is not altered by the intervention of the American people, it can end only in economic crisis or war.

An arms economy cannot permanently avert economic crisis, for the very reason that it deepens all the basic contradictions of the economy. It should be noted that the militarized economies of both Italy and Japan were entering an economic crisis in 1938, and there were indications Germany was headed in the same direction, had it not been for the outbreak of the war.

Of course, economic crisis under conditions of an arms economy is not identical in its specific features with say, the crisis of 1929-32. On the one hand, it tends to develop more unevenly with the existing level of military production serving as a floor under the war industries, while other lines, notably consumer-goods industries and agriculture, receive the heaviest blows. On the other hand, the deep involvement of the government in an arms economy could lead to other developments which did not occur in the 1930's. Specifically the problem of maintaining the enormous national debt under conditions of severe economic crisis could precipitate a major government fiscal crisis with all its atten-

dant political implications.

The only way in which an arms economy can continue to stave off economic crisis is by resorting eventually to war. A constant level of military expenditures would not prevent a decline in the economy, since capitalism can achieve prosperity only under conditions of *expansion* of capital investment and production. Even a rising level of military expenditures may be accompanied by signs of crisis. Ultimately the economic and political requirements of a permanent arms economy dictate war.

* * *

This is the reality which the Eisenhower Administration seeks to cover with its talk of "orderly transition to a peacetime economy" and "reasonable control of the economic cycle." While Eisenhower and the Republican Party recognize the tactical political advantages in posing as the "party of peace," other political and economic considerations impel them toward continued militarization of the economy. These include both their long range goals of world domination and war against the socialist world, and the immediate problem of preventing another slump prior to the 1956 elections.

This is not to imply that the Administration has no maneuvering room short of a shooting war. An earlier article indicated some of the measures they are adopting in an effort to prevent a fresh decline. It is now apparent that they will try to proceed on several main fronts: efforts to increase foreign investment and exports; a possible increase in military spending based on the new "New Look" which calls for expansion of ground forces equipped with tactical atomic weapons; additional steps to keep the construction boom going, primarily through highway building. Under heavy mass pressure they can also be forced to make certain concessions to the masses of people. But their maneuvering room is becoming more limited, on both the international and domestic front. This intensifies the danger of new war provocations, such as those recently precipitated by the United States government against the Chinese People's Republic.

THE COMMUNIST PROGRAM

If war or economic crisis is to be avoided, it is necessary to compel a major change in the policies of the Eisenhower Administration. The broad outlines of such an alternative course are drawn in the Program of the Communist Party, in terms of both economic policies and the political realignments necessary to put them into effect.

What are the main features of this alternative program?

First, it rejects the path of war economy and proposes instead a program of peacetime development devoted to the welfare of the people. Many of the specific measures in this program represent demands now being made by the labor movement, farm organizations, and liberal groups, all of whom are emphasiz-

ing the need for expanding mass purchasing power. They thus represent the basis for developing broad, united mass action in this sphere. But the program goes beyond the present level of the labor movement and various liberal groups, in emphasizing that such a peacetime program cannot be carried through simultaneously with continued large-scale war preparations.

Millions of workers have begun to learn from their own experience that the two are incompatible, but the official position of most unions does not yet recognize this fact. The top leadership of American labor refuses to admit the impossibility of riding two horses at once, especially when they are headed in opposite directions. However, the development of mass struggle for labor's present anti-depression program can help to change the position of many unions on this basic issue, and will operate objectively to impede further militarization of the economy.

Second, the program calls for much more extensive measures than those taken by the New Deal, measures that start where the more liberal aspects of the Roosevelt program left off. These fall into four main groupings: (1) steps to raise the income of the masses of the people and to protect their standard of living in case of economic decline (higher wages, 100 per cent parity for farmers, ending north-south differentials, expansion of social security and unemployment insurance, etc.); (2) government guarantees of jobs through a large-scale program of peacetime construction; (3) financing the foregoing by shifting the tax load to Big Business; (4) expansion of foreign trade, especially by removing all barriers to trade with the Soviet Union, China, and the countries of Eastern Europe.

The initial political realignment called for in the program (a new Congress, and new Administration in 1956 that would follow a new course in domestic and foreign affairs) would open the door to enactment of such measures. How far the government would actually go in adopting these policies, however, would depend upon the concrete relationship of forces during and after the election, and the level of mass struggle developed by labor and its allies.

Third, the program points out that policies like the above can "delay the outbreak of an economic depression and cushion its blow upon the people, but it cannot do away with the planlessness and recurring economic crisis of capitalism" which only Socialism can eliminate. This point is directed at the "liberal" variant of Keynesian theory to the effect that government action to increase mass purchasing power can prevent cyclical crisis, an illusion spread by many Social-Democratic and reformist leaders in the unions, farm organizations, and groups like the A.D.A. While it is essential to seek unity with such individuals and groupings on the basis of a program to expand the income of the

masses, it is also necessary that Communists preserve a clear understanding of just what such a program can and cannot do.

Even the relatively advanced and comprehensive steps proposed in the Party *Program* could not eliminate economic crisis. Why? Because these measures would not alter the basic relations of production. Monopoly capital would still control key sectors of the economy. The basic contradictions between productive capacity and the market would therefore still exist. But such a program would cut into maximum profits and this Big Business would not quietly accept. It would use its dominating position to obstruct enactment of such a program every inch of the way. This means not only political opposition, but economic opposition as well. One form of the latter would almost certainly be a marked reduction in capital investment and production on a scale capable of throwing the economy into crisis. We should not forget the "sitdown strike of capital" which was conducted by Big Business against the far more limited New Deal reforms, which helped to precipitate the downturn of 1938.

Of course if events took this turn, a new issue would then face the American people. Would the government go forward to curb the power of the monopolies, or would it retreat? The answer to this would determine the actual course of economic events, including the depth, scope, and length of the crisis. And it would be fought out on both the economic and the political front. The direction required in economic policy is indicated in the *Program's* proposal of government operation of plants built through government subsidy, if necessary to maintain production and employment. The political struggle might well involve unfolding of the second stage envisaged in the program, i.e., election of a new type of government, a people's anti-monopoly government, based on a new farmer-labor party. This would be a government "in which the working class plays a leading role, serving the interests of the common people, and directed at curbing the economic and political power of the trusts."

This, however, lies in the future. For the present, the task facing the American people is halting the current course of government policy, which leads to economic crisis and war. A vital aspect is the development of wide mass struggles on the most urgent economic questions facing all sectors of the people—workers, farmers, middle classes. This line of action means fighting to delay economic crisis through measures favorable to the people, rather than Big Business, and to mitigate its effects on the masses. Through such struggle some concessions can be wrested even from the Eisenhower Administration. At the same time, it will help plough the ground for the 1956 elections which can play an important role in altering the policies of the government.

The Dilemma of Canadian Capital

By Tim Buck

We are very happy to bring to our readers this article by the General Secretary of the Labor-Progressive Party of Canada. It is based upon an article that appeared in the Canadian magazine, National Affairs, *in February, 1955, but it has been revised and brought up-to-date by the author for* Political Affairs—*Ed.*

On January 10th, Earl Rowe, M.P., replying to the Speech from the Throne for the Progressive-Conservative Party, official "Opposition" in the Canadian House of Commons, warned his fellow members, "We can anticipate keenly that before sixty days shall have passed, 600,000 people in this young country will be unemployed—and perhaps even more than that."*

Earl Rowe was stating the truth. It is regrettable that of all the four Party Leaders he was the only one to state that unpleasant truth forthrightly in criticism of the Government's announced program of legislation. That seeming anomaly typifies the element of unreality that characterized the entire debate on the "Speech from the Throne."** That element of unreality mirrored a very real political fact. Many of the parliamentary representatives of Canadian capitalist interests are beginning to recognize the dilemma to which Prime Minister Louis St. Laurent's policy of "integration" has brought Canadian capital. They sense the rising national resentment against the consequence of that policy but, having climbed on the pro-U.S. bandwagon and supported the drive for "integration" without any qualification while Canada's sovereignty was being auctioned off to the U.S. and not being prepared now to come out frankly for measures to stop U.S. domination of Canada, they resort to demagogy in an effort to appear as opponents of the St. Laurent policy without putting forward a democratic Canadian alternative to it. That is what Mr. Earl Rowe did in his speech on behalf of his convalescing leader Colonel George Drew.

Mr. Rowe's emphasis, for cheap parliamentary advantage, upon the

* *Hansard*, January 10, 1955, p. 23. That number was exceeded by the middle of February.

** The very general statement submitted to Parliament at the opening of each session in lieu of a program of legislation.

growing unemployment did not in any way excuse his own party, the Tories, from their big share of responsibilty for it. Without him intending it to be so, his speech was in effect an admission that the very St. Laurent policies that have been supported most consistently by the Progressive-Conservatives are bringing about mass unemployment. Prime Minister St. Laurent took advantage of that in his reply to the criticisms. Confident in his knowledge that the economic policies he has been pursuing include everything that the Tories would have done if they had been in power, the Prime Minister dealt lightly with Earl Rowe's criticisms. He exchanged compliments with him as the acting spokesman for the parliamentary counterpart of his Liberal party. "But it is quite true as well that the parties to which he and I both belong are not socialistic parties." But, he reminded the Progressive-Conservatives several times that they are firmly committed to the basic policy that he misnames "Canada-U.S. Integration." Repeatedly, he asked them, "What else would you have expected me to do?" and declared his readiness to listen to concrete proposals for any changes that "the hon. gentleman (Earl Rowe) or any of his friends" care to make. The Progressive-Conservatives may hope to fool the masses of the people by shedding crocodile tears about the plight of hundreds of thousands of destitute workers and farmers but Louis St. Laurent has no fear that the Tories will initiate any genuine action to correct it. In the House of Commons, thanks to the fact that all the other party leaders are committed to "Integration" no less than to his big majority, the Prime Minister has matters well in hand.

* * *

It appears, however, that Mr. St. Laurent tends to confuse his easy mastery of the House of Commons with mastery over the economic and political consequences of the policy that he describes as "Canada-United States Integration." In that he is very badly mistaken. He is not going to be able to brush off the facts about the economic trend as easily as he brushed off Rowe's speech. The contradictions which give rise to those unpleasant facts are becoming evident to all. The speed with which they are developing was acknowledged, unwittingly, in the very speech with which the Prime Minister denied their significance. While persisting in his official pretense that the unemployment is only seasonal and regional, repeating his complacent assurance that the situation will ease "as the season advances," he noticeably retreated from the bumptious attitude that he adopted to the delegations from the trade-union movement three months ago. He admitted that "there are large numbers" unemployed. The calamity that is overwhelming hundreds of thousands of workers and farmers and their families as a result of "Canada-United States Integra-

tion" is beginning to compel respect even from the blasé Mr. St. Laurent.

SPOTLIGHT ON GUILT

The very slight modification in Mr. St. Laurent's attitude is no ground for optimism, however; on the contrary, it spotlights his guilt. The government had legislation already drafted for changes in the National Unemployment Insurance Act, and in the Prairie Farm Assistance Act, as well as other legislation prepared to counter the accusation that it was ignoring the situation altogether. Cheeseparing and inadequate as its concessions were, their previous preparation shows that the government was well aware of the growing unemployment and of the plight of thousands of prairie farmers. The fact that it adjourned the debate on the Speech from the Throne after only one day of discussion, to rush its proposal to extend Supplementary payments under the Unemployment Insurance Act through its first reading, shows that it fears public resentment of its disdainful attitude towards the needs of the hundreds of thousands of unemployed workers and their families. But, equally, those facts contradict the Government's pretense that the country's economy is healthy and the employment situation is normal. No, there is nothing "normal" in the present situation; it is one of developing crisis. Mr. St. Laurent was not taken by surprise. When he changed the aim of the federal government from that of independent all-round economic self-development to that of dependence upon the U.S. through his policy misnamed "Integration," he knew that he was reducing Canada to the role and status of a satellite, completely dependent upon the boom-or-bust economy of the United States.

The evil consequences of his overweening admiration for and subservience to United States imperialism, is going to become the focal point of Canadian politics. Millions of Canadians, including some of the capitalist interests which supported his drive for "Integration" at its inception, are beginning to realize now that what Mr. St. Laurent has inflicted upon Canada can be termed Canadian-U.S. integration only in the sense that one can say that an injured worker's mangled hand became "integrated" in a train of gears.

THE ECONOMIC DOWNTREND

The National Committee of the Labor-Progressive Party pointed out during its meeting in December that we have passed the peak of the postwar cycle of Canadian economy and are on the downtrend. Since the National Committee met, several developments have confirmed the correctness of its warning. To consider only four examples note the following:

The Dominion Bureau of Statistics has now, belatedly, admitted that consumer credit is beginning to reflect the economic downtrend. At the end of 1954, consumer credit was

at the all-time high of two billion dollars. Since then its expansion has been accelerated considerably. To help bolster the sagging construction industry the federal government took measures to make credit readily available for the building of residences equal to 85% of their estimated selling price with thirty years to pay the mortgage by which the loan is secured. In addition, it has relaxed restrictions upon the use of bank credit. For the first time, Canadian banks may now engage directly in financing real estate developments, etc.

Even more significant in its direct reflection of the trend, is the fact that the biggest increase in consumer credit is in "Personal Loans," reflecting the growing number of people driven to secure loans from finance companies to meet their obligations.

Another very significant fact which confirms the estimate of the L.P.P. National Committee, is the changing character of construction. The final figures upon the value of construction contracts let in 1954 show that industrial construction (factory and other buildings for industrial production) declined by 26½% and engineering construction (power plants, railways, bridges, etc.) declined by 11.2%. Those declines mean a great deal more than their immediate effect upon employment in the construction industry; they represent a sharp slowing down in the expansion of industry. The effect of that cannot be counteracted by an increase in non-productive construction; inevitably it foreshadows an increase of unemployment.

Reflecting the decline of over-all production, railway statistics show that railway freight car loadings for the first eleven months of 1954 were three hundred thousand cars less than in the same months of 1953 and business failures totalled 1,024 during the first nine months of the year against 722 during the first nine months of 1953.

THE FRUITS OF "INTEGRATION"

As the National Committee of the L.P.P. warned Canadians during December: "It is late in the post-war cycle, indeed it is getting very late." No greater mistake could be made, however, than to accept the idea that its development in Canada has been independent of governmental policy. The truth is that the policies by which the federal government has subordinated Canadian economy to the United States have been a sinister factor in aggravating all the causes of the present mass unemployment and the approaching economic crisis. By the currency and trade arrangements that it introduced in pursuit of the Prime Minister's aim of "Integration," the St. Laurent government changed the direction of Canada's foreign trade, from the proportions of one-third with the United States and two-thirds with overseas markets to the proportions of two-thirds with the United States and only one-third with overseas

markets. That is not all, or the worst feature of the change. The worst feature is that, reflecting the development of the Prime Minister's cherished "Integration," Canadian economy is becoming increasingly dependent upon the export of industrial raw materials while the Canadian market is flooded with manufactured products from the United States.

Back in 1948, when the federal government was instituting various controls to facilitate the conquest of Canada's economy by the U.S. monopolies, its Finance Minister, Douglas Abbott, gave the House of Commons a glib description of the anticipated result of the measures then being introduced; *i.e.*, "Integration," in the following words: "Instead of using labor in Canada to convert the metal into things our own people consume, we shall sell the raw materials. . . ."* Commenting on Douglas Abbott's cynical verbal disposition of the destiny of our country, I wrote at the time:

"The Minister's intent is clear. . . . It is a plan to subordinate Canada's national economic interests to international political aims. . . . It throws away the possibility, which now exists, to achieve economic independence. The great United Kingdom market, the enormous potential for trade with other countries of the Commonwealth and Europe, all the 'soft currency' markets in fact, are to be sacrificed—for what purpose? So that Canadians shall continue to buy from the United States scores of products that we should be producing here in Canada and shall remain dependent upon the United States market for the agricultural and industrial raw materials exports upon which Mr. Abbott's plan proposes to make our economy dependent."**

The aim proclaimed by Douglas Abbott in 1948 has been achieved. In the speech from which I quoted at the beginning of this article, Earl Rowe stated in the House of Commons on January 10th that: "Last year we imported more goods made by laboring men in foreign countries than Canada produced altogether in 1939."*** For his own Tory reasons, Earl Rowe used the term "foreign markets" thereby suggesting he was complaining about a flood of manufactured products from overseas countries. The truth is that the overwhelming majority of all the manufactured products imported into Canada during 1954 came from the United States.

By tying Canada's foreign trade to the United States scheme to break the sterling bloc, the St. Laurent government dealt Canadian exports a crippling blow. Compared with pre-war years when Canada sold to all countries and accepted either pounds sterling or United States dollars in payment, Canadian exports now are like a runner trying to race on one leg. The self-assumed handicap is even more irksome because the United States shows very little regard for Canadian subservience.

* *Hansard*, March 18, 1948, page 2375.

** *Canada: The Communist Viewpoint*, page 35.

*** *Hansard*, January 10, 1955, page 26.

The United Kingdom and other countries have been compelled to cut down their purchases from Canada because the St. Laurent government insists upon payment in United States dollars. But, they have been able to buy for pounds sterling from the United States the very products for which Canada will accept payment in U.S. dollars only. Having submerged the interests of Canada in the interest of "Integration" to such an extent, it is not surprising that now, the St. Laurent government restricts even its willingness to trade to countries with which trade is approved by the United States.

Our foreign trade having been reduced to over-all dependence upon the United States, the monopolies which dominate that country are "moving in" now to secure control of Canada's domestic market also. In some cases they merge, for example, Sears-Roebuck with the Canadian departmental and chain store system of the Robert Simpson Company, to constitute Simpson-Sears of Canada. In other cases they buy into Canadian firms or buy up control. An example of that process is to be seen in what used to be Canada's great flour milling industry. By absorption and amalgamation Pillsbury's has become the dominant milling interest in the country. Of all the Canadian milling companies that were operating a few years ago, some of them big, only one company remains now in Canadian ownership. Smaller businesses receive short shrift—an increasingly common practice is for a United States corporation to make an offer to purchase, accompanied by a warning to the effect that "if not we shall establish a plant here anyway." In all cases the result is to strengthen further the trend exemplified by the Simpson-Sears merger, namely, to transform established Canadian concerns into tied outlets for United States monopolies.

* * *

The foregoing indicates only the economic aspect of the St. Laurent government's betrayal of Canada's sovereignty. Certainly the contradictions which are bringing on crisis are aggravated by the political aspect of its betrayal also; particularly by its surrender of control over navigation on what it promised was to be an all-Canadian Seaway, of Canada's sovereignty over a million square miles of territory in the Arctic with its enormous wealth of mineral resources and its immeasurable significance for future international relationships, and, above all, over the decision whether or not Canada is to be plunged into war. How completely the present federal government have discarded even the pretense that Canada still exercises the sovereign power to make her own decisions on questions that might involve war, was illustrated on March 14, by no less a person than its Minister for External Affairs, Lester B. Pearson. In a transparent attempt to satisfy and strengthen the hand of John Foster Dulles, Mr. Pearson an-

nounced that, regardless of whether or not Canada is committed by the Canadian people or their Parliament, if the United States becomes involved in a major war Canada will be in it also on the U.S. side. Two days afterward he intimated that the situation in the Formosa Straits typifies what he referred to.

As we warned in 1948: "The alternative to economic independence achieved in large part by calculated development of productive capacity now lacking in Canada, is the economic colonization of our country by United States monopolies. . . . The inevitable economic and political results of such a relationship [is to] undermine the political sovereignty of Canada's people."*

What is needed, is recognition by wide circles of the people, particularly of workers and farmers, of the intimate relationship between the betrayal of Canada's independence and the developing national crisis.

FOR A CANADIAN NATIONAL POLICY

With the onset of mass unemployment, crisis on the farms, and the prospect now of an epidemic of bankruptcies, a number of influential spokesmen of the bourgeoisie are beginning to clamor for action by the federal government to meet the threatening disaster. Some of them are proposing, or hinting at, measures that, if introduced, would tend to counteract or at least modify, the effects of Prime Minister St. Laurent's support of the U.S. drive to achieve complete domination of Canada. Most of such proposals are coming belatedly from men who supported the drive for "Integration" when it would have been relatively easy to prevent it. However, they do indicate an awakening to the dilemma of Canadian capitalism. For example, the President of the Royal Bank of Canada made several statements and proposals in his annual report which were, objectively, in opposition to the prevailing trend towards complete U.S. domination. Warning against the tendency to confuse the exploitation of the country's resources with genuine growth, he said:

"Nowhere is the age-old conflict of public wealth and private riches more painfully in evidence than in the combination of haste and greed that prompts the owners of our resources to alienate what they own and control in return for short-run gain. In this process private fortunes may be made, but the public wealth may suffer, not only today but in generations to come, and our children may be denied the opportunities for creative enterprise which should be their rightful heritage."

I make no excuse for quoting at such length, because in that statement the President of Canada's greatest chartered bank stated in terms of the interests of a distinctive Canadian state and people, the dilemma to which Canadian capital

* *Canada: The Communist Viewpoint*, pp. 31-32.

has been brought by Mr. St. Laurent's policy of "Integration." It is evident that the President of the Royal Bank recognizes, in part at least, that action to strengthen Canadian economy, if it is to be effective, must be the type of action which will be, objectively, in opposition to the growing U.S. domination of our country. He suggested governmental action which, if adopted, would enable Canadian exporters to compete on more equal terms with United States exporters and to sell for currencies other than dollars. He suggested governmental action which, if adopted, would protect exporters from the effects of the premium on the Canadian dollar—reflecting large-scale U.S. investments in Canada. He suggested a sharp reversal of governmental policy, to the encouragement of manufacturing industries in Canada. Concerning the latter suggestion he added: "This may mean taking a course of action today that seems in our present position to be inappropriate. In business and government policy, it may mean taking a gamble on an expanding home market with all that such a market means in terms of low cost quality production."

The foregoing illustrate the growing fear of many prominent Canadian leaders of finance and industry concerning the eventual results of "Integration." Whether they supported it in 1948 out of their desire to secure maximum profits or simply because "it was the line," they are beginning to recognize now that it is utterly incompatible with Canadian sovereignty and is a threat to every purely Canadian enterprise—including even the biggest ones. On all sides there is rising protest from spokesmen for Canadian capital. Not all of them are in revolt because, as the President of the Royal Bank said, "In this process private fortunes may be made." But, those among them who face up, honestly, to the perspective of crisis now confronting Canada are profoundly alarmed.

It would be naive self-deception, however, to assume that such people, or the interests that they represent, will initiate action to achieve genuine Canadian independence. They are opposed to the consequences of U.S. domination, they fear its continuation, they would like a halt. But, serious action to Beat the Threat of Depression, to Put Every Worker Back on His Job, must of necessity involve Canadian government action which, sooner or later, will be challenged by big financial interests in the United States. As a well-informed political analyst wrote at the beginning of this year, concerning the growing need to process more of Canada's industrial raw materials at home:

". . . one trouble is that a large volume of our natural resources is now beyond recall, under the control of powerful American interests, who would object strenuously to any attempt to dictate where their processing operations should be conducted. Scarcely a week passes that the acquisition of some o

our dormant resources by American investors or the transference of some established Canadian enterprise to American control is not announced..."*

Such are the two main attitudes of the Canadian capital to the contradiction in which it has become enmeshed by the so-called "Canada-United States Integration." Those capitalists who are primarily Canadian will tend to favor the path indicated by the President of the Royal Bank; those who are prepared to accept the consequences of United States domination and its continuation will tend increasingly to take refuge in the argument that "it's too late."

THE LEADER OF THE NATION

It is not too late to assert Canada's independence, however. It requires only that the people of Canada become aroused to its need. The force that can—nay, which will—Stop the Yankee Domination of Canada and Establish a Canadian National Policy of full self-development for our country, is the force of Patriotism; that is to say, true love of Canada, headed by the united and militant working class. Many other elements, including some Canadian capitalists, will rally to the support of the struggle for National Sovereignty, but only the masses of the people of Canada, headed by the working class *must* win Canadian Independence. For them, the struggle to regain sovereign control of our country is the only way to secure for their children (to repeat the words of the President of the Royal Bank) "the opportunities for creative enterprise which should be their rightful heritage."

The dynamic aims and influence of the Program of the Labor-Progressive Party is the main stimulant and guide by which those aims will be achieved. In the struggle for our Program, wider and wider circles of democratic Canadians will grasp the historic fact upon which it is based, and of which it is the theoretical generalization for Canada: namely, that we have entered the epoch of profound world change in which genuine patriotism, that is to say, true love of Canada, is attracted to and must sooner or later merge with the militant defense of democracy to put an end to foreign domination of our country, to develop its splendid resources under the control of and for the benefit of its people, to establish trade and friendly relations with all peoples in all countries and keep our own country at peace. That is the scientific Marxist-Leninist basis of the L.P.P. Program. Our supreme confidence in the eventual achievement of its democratic aims is confirmed by the fact that, already, the path it illuminates is being recognized widely as the sole path that leads forward for Canada.

* John A. Stevenson, *Saturday Night*, Toronto, January 8, 1955.

Adolf Berle's "Capitalist Revolution"

By Louis Fleischer

A.A. Berle, Jr.'s *The 20th Century Capitalist Revolution** is one of the more provocative descriptions of present-day imperialism by one of its partisans. Berle is a corporation lawyer, specializing in service to major sugar corporations. He is also a prominent politician, a leader of the Liberal Party in New York, and a former Assistant Secretary of State.

Within certain limits, Berle undermines the mountain of standard pro-monopoly apologetics built by college professors who wish to get ahead in the world, and by the advertising and publicity men of the big corporations.

The competitive "free enterprise," of the advertising men says Berle, does not exist. American capitalism today is monopoly capitalism:

> "One hundred thirty-five corporations own 45 percent of the industrial assets of the United States—or nearly one-fourth of the manufacturing volume of the entire world. This represents a concentration of economic ownership greater perhaps than any yet recorded in history." (pp. 25-26)

True, Berle does not use the naughty word "monopoly." He calls it a system of "concentrates," whereby each industry is dominated by a handful of giant corporations; while smaller concerns must "live within the conditions made for them by the 'Big Two' or 'Big Three' or 'Big Five' as the case may be." (p. 26)

Moreover, Berle points out, the power of the 135 giant corporations extends far beyond the formal limits of ownership—the thousands of automobile dealers are wholly under the thumb of the auto combines, the gasoline dealers, servants of the oil trust, etc. Berle declares his belief that the extent of concentration of economic power is increasing continuously.

Certainly, says Berle, competition goes on among the big two or three in an industry, but this is a struggle for power from which the consumer derives no price benefit. Moreover, competition within the big "concentrates" is resolved by private or government cartel arrangements dividing markets, restricting production to demand, and upholding prices. Increasing government regulation is dictated by Big Business in its own interest:

> "The oil industry could hardly be accused of creeping Socialism; but it wanted the N.R.A. code and later the interstate oil compact and its regulatory machinery. The writer's associates in the sugar industry are rarely accused of Marxian sympathies; but they insisted on and got the Sugar Act of 1948." (p. 50)

Specifying the armaments and atomic bomb industry, Berle brings out the growth of state monopoly capitalism:

> "Increasingly, the development is toward a

* Harcourt, Brace, N. Y., $3.

mixed system in which governmental and private property are inextricably mingled. This is not the result of any creeping socialism. Rather it is a direct consequence of galloping capitalism." (p. 109)

Berle is most interested in the big corporation as a political and social institution. He notes the immense power of the corporate managers and directors—"the corporation is now, essentially, a non-statist political institution, and its directors are in the same boat with public office-holders." (p. 60) Moreover, their power "is in large measure absolute." (p. 63) One has to go back, continues Berle, to the time of the feudal lords to find such power as is today in the hands of the corporate magnates. They can determine the fate of entire cities by installing or taking away factories; they can blacklist individuals and make it impossible for them to have careers; they can fix prices and control production; they determine the survival of small business men.

The modern corporation is powerful abroad, too. It breaks down national boundaries, it hires and trains its own private diplomatic staff, it deals directly with the governments of the countries in which it operates. The official state department diplomats are distinctly second fiddle:

"Some of the larger corporations have continuous and careful reports made to them on the attitudes and aptitudes of the American diplomatic officials, rating them according to their probable usefulness in advancing or protecting the company's interest." (pp. 131-32)

The "best rated" are hired directly, says Berle, citing examples. Through direct agreements with foreign governments, and cartel arrangements among similar corporations of other countries, the American "concentrates" subject the entire capitalist world market for a major commodity to a single plan, allotting production and markets, setting prices, cooperating with governments to settle "little difficulties" such as the nationalization of the oil industry by Iran.

So far, so good. But Berle does not set up this partial picture of present-day monopoly capitalism as an exposé. His stated purpose is to defend and advance the system. Previous defenders of capitalism, says Berle, based themselves on the classical economics of Adam Smith and Ricardo. It is no longer possible to use that defense. Berle addresses himself to the task of exalting modern capitalism, using a description with at least a certain resemblance to reality.

Communists, says Berle, attack capitalism on the basis of the theories of Karl Marx, which he says are out-of-date. The cover blurb of the book hails it as "a clear and conclusive refutation of Marxist philosophy." Actually, Berle's claim to have "discovered" the true character of modern capitalism is incredibly pretentious and could only be made in an atmosphere that fosters a conspiracy of silence, repression and ignorance of the content of Marxist classical literature. Marx clearly foresaw the development of competitive capitalism into monopoly capitalism. Such economists as Hobson and Hilferding described the essential workings of modern monopoly capitalism a half century ago. And the leading Marxist of the twentieth century, Lenin, developed, of course, the theory of the stage of monopoly capitalism in his great classic *Imperialism* written during World War I. There is not a ma-

jor point in Berle's description that was not portrayed—more sharply and with better documentation—by Lenin; and Lenin included a number of extremely vital factors which Berle ignores or denies, not to mention Lenin's profound political conclusions. Lenin is not so much as mentioned by Berle.

Nor is there mention of the rich American literature on the subject, from the works of the "muckrakers" through the revealing studies of the New Deal's TNEC. In particular, Anna Rochester's *Rulers of America,* published by International in 1936, remains an authoritative application of Lenin's approach to American conditions.

Berle, himself, together with Gardiner Means, wrote a notable book 25 years ago, *The Modern Corporation and Private Property,* which despite serious shortcomings, helped crystallize anti-monopoly sentiment during the crucial 1930s. However, the book presents a distorted picture of the separation between ownership and control in the modern corporation which provided a foundation for James Burnham's fascist-minded, *The Managerial Revolution.* Berle's *Twentieth Century Capitalist Revolution,* in turn, leans heavily on Burnham's volume.

Berle defends monopoly capitalism partly through undocumented claims as to its accomplishments: "[American capitalism's] aggregate economic achievement is unsurpassed . . . has left every other system in recorded history immeasurably far behind." (pp. 10-11)

Over a century ago Marx and Engels in the *Communist Manifesto* said that capitalism had done more to develop the productive forces in 100 years than all earlier generations of mankind combined. But to claim that achievement of youthful capitalism for present-day monopoly capitalism is hardly valid.

Berle writes: "Its rate of progress shows no signs of slackening." (p. 11)

Two centuries ago, in contest with the dying feudal system, capitalism was clearly progressive. But the new system, having accomplished such great development of the productive forces, has passed into its monopoly stage.

This decay is indicated not only by a host of political factors (fascist tendencies, militarization of the economy) —"reaction all along the line"—but also, statistically, by the simplest measures of economic growth. These measures show that American capitalism's rate of "progress" has not only slackened, but stopped. Berle dates his "capitalist revolution" from the time of the First World War. Between 1919 and 1939, per capita industrial production in the United States increased by somewhat less than one percent per year.

Between 1943, the peak of production in World War II, and 1954, per capita industrial production in the United States declined by more than one percent per year. Remaining progress in the productive level in the United States has been limited essentially to war-stimulated expansion, at the expense of greater destruction abroad. Recent advances in technique have been mainly of the same character.

"Its instabilities and crises . . . show indications of becoming manageable." (p. 11)

The Great Economic Crisis of 1929-32, in this country and elsewhere, was incomparably more severe than any

which occurred before the "capitalist revolution." It was finally overcome only by World War II; and indeed, the only means of "managing" economic crises which the states of capitalism have found to be really effective—if only temporarily—have been war and war preparations. The unprecedented political crises sweeping the capitalist world during the past 40 years need only be mentioned here.

"Poverty, in the sense that it is understood elsewhere in the world, in America is reduced to minimal proportions." (p. 28)

A few years ago a Congressional Report "Making Ends Meet on Less Than $2,000 a Year" (82nd Congress, 2nd Session, *Senate Document* No. 112), described the living conditions of 40,000,000 people in the United States in terms reminiscent of Dickens and other classic portrayers of the sufferings brought about by capitalism:

> "The habit was to economize by eating starchy diets which are filling. . . . The housing shortage since World War II added something inexorable to the life of low-income families, which has been devastating to those of us who have seen it at first hand . . . poor diet . . . improper housing, overcrowding, lack of warm clothing, tap the fitness and vitality of grown-ups and take their toll of the growing child in the process of body building."

"Low wages, Broken work, Broken health, Broken homes," are the captions used to summarize sections of the report. And, we are told, these are merely typical low-income conditions, not those of the worst-off.

This is the poverty which Berle describes as "minimal." It could be regarded as less severe only in comparison with that inflicted on the 400,000,000 people in other countries which are completely under the heel of U.S. corporate and military domination. American capitalism must be held basically responsible for their poverty as for that of the lower-income groups in the United States.

According to Berle, the socialist revolution in the Soviet Union was part of a world-wide revolution. A parallel revolution took place in the United States through the formation of the huge industrial "concentrates." The aims of both of these revolutions were to accomplish rapid industrialization and economic planning. The author regards the "American" way as infinitely superior to the Soviet way. This false comparison ignores the essential requirement of all real revolutions—the replacement of the rule of an obsolete class by that of a rising, progressive class. To slur over this basic requirement, Berle omits serious discussion of capitalist production relations and social structure.

Capitalism, of course, is a system wherein the means of production are owned by capitalists and operated for profit derived from the exploitation of wage labor. This is as true of the present stage of monopoly capitalism, as it was of the earlier stage of competitive capitalism. Berle ignores this. There is passing admission that the "weakness" of corporations is that they are "a money-making, profit-making enterprise" (p. 141). But this is toned down by the claim that today corporate officials are increasingly concerned with vaguely stated "broader" objectives.

The significance in human values of the difference between capitalism and socialism was brilliantly presented by Stalin in his *Economic Problems of Socialism in the USSR,* where he ex-

plained the basic economic law of modern capitalism:

". . . the securing of the maximum capitalist profit through the exploitation, ruin and impoverishment of the majority of the population of the given country, through the enslavement and systematic robbery of the peoples of other countries, especially backward countries, and, lastly, through wars and militarization of the national economy, which are utilized for the obtaining of the highest profits."

Nowhere is this law more fully illustrated than in the United States, by the doubling of foreign investments, the 30-fold increase in military spending, the 7-fold increase in corporation profits during the past 15 years, by the unrestrained use of multibillion dollar government "giveaways" to further increase profits at the expense of the general public.

Stalin also explained the basic economic 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."

It is working-class power, the elimination of exploitation, which has created the conditions under which this law has come into its own in the U.S.S.R. giving rise to the steady climb in living standards, the unprecedented development of the educational and cultural level of a vast population, the most rapid and sustained rise in production and technique ever known to history.

Berle claims that monopoly capitalist practice carries out socialist theories of economic planning:

"Mid-twentieth century capitalism has been given the power and the means of more or less planned economy, in which decisions are, or at least can be, taken in the light of their probable effect on the whole community." (p. 35)

The difference between this and socialism, says Berle, is that under monopoly capitalism the planning is done by the 135 giant corporations; rather than by the state, as under socialism. This claim of capitalist "planning" is negated by the fact that separate plans of 135 corporations can hardly be expected to achieve the same result as a single unified plan embracing the entire economy. More basically, his claim of "planning" is related to his inaccurate presentation of the objective of capitalist production. He endeavors to convince the reader that it aims to give the American community the standard of living it requires, to reasonably satisfy the public, to balance supply and demand, etc. However, the real purpose of all corporate "planning" is quite different. It is to arrange production, prices, capital investment, etc., so as to strive for the highest possible profit. Production is socialized, but appropriation remains private. This underlying contradiction means that the "plan" of the monopoly corporation cannot aim for the advancement of the material interests of the masses of the people. It means that corporate "plans" have nothing to do with genuine national economic planning, which is possible only under socialism. The individual plans of the monopoly corporations must founder in the long run, on the rocks of this contradiction, not to speak of the obstacles to their realization in the form of workers striving for better wages, and peoples in colonial and semi-colonial lands striving for liberation from foreign exploitation.

Capitalism is a class society, the two main classes being the capitalist class and the working class. Save for passing references to trade unions, Berle ignores the working class and its role in production. As for the capitalist class: "The capital is there; and so is capitalism. The waning factor is the capitalist. He has somehow vanished in great measure from the picture." (p. 39)

The erstwhile capitalist has become a mere recipient of dividends, while actual control is in the hands of a special group of managers, seemingly unrelated to the historical social classes of capitalism. In particular, Berle claims, the influence of bankers and financiers, the merging of finance and industry into overriding power centers of finance-capital—is a mythical creation of "demagogues." What are these classless "managers" like?:

> ". . . a board of directors of the quality maintained by, let us say, General Electric, of necessity must be familiar with the product of laboratories and research and fully appreciative of the 'long-haired know-how,' to quote a bit of plant slang. . . . Pioneering which would be a mystery to an individual investor and difficult to appraise even for an investment banker, is part of the day's work in many of the greater modern corporations." (p. 42)

Let us check this picture of "scientists" and "pioneers" running industry with the reality—the actual composition of the Board of Directors of General Electric, which Berle chose for his example. Out of sixteen directors, 7 have their *principal* connections not with General Electric, but with financial houses (J. P. Morgan & Co., Morgan, Stanley & Co., Goldman Sachs & Co., Lee Higginson Co., Bankers Trust, First National Bank of Boston, National City Bank of Cleveland). Another six have their principal connections with other industrial "concentrates." Only two devote their main time to General Electric.

The reality then, is the rule of General Electric by the interlocking oligarchy of finance capital, centering in this case around the Wall Street House of Morgan; with General Electric one important unit in a gigantic empire run by these monopoly capitalists. The hired managers, scientists, advertising specialists, etc., carry on the day-to-day affairs of General Electric. But the absolute power that Berle speaks of, the control over these hired men and their policies, is exercised by the top circles of a very extant capitalist class.

Throughout, Berle attempts to differentiate between corporate power and state power. The state is pictured as an institution which limits the power of the corporations. Foreign policy is presented as something formed in a vacuum of "national" interest, to which the corporations subordinate themselves without any participation in its formation. This is the crudest ignoring of facts. Never before in our history has the state been so directly run by leading figures from the upper reaches of the financial oligarchy. Never before has U.S. foreign policy been so precisely adapted to the day-to-day requirements of "corporate" diplomacy. The economic merging of the State and big business, which Berle concedes, is fully matched by the merging of the state and big business in political and military affairs as well.

Part of Berle's defense of monopoly capitalism is to claim that it works better than socialism. According to him, the "capitalist revolution" found

"apter, more efficient and more flexible means" of achieving industrialization "through collectivizing capital in corporations." (p. 23) Again:

> "There is considerable statistical basis for believing that the condition of the Russian masses and the strength of the Soviet state would have progressed far more rapidly under the American system than it has under Communist rule." (p. 130)

Berle does not present his "statistical basis," which does not exist. This is not the place to cite the well-known statistical facts which show that the Soviet Union has advanced economically more rapidly than any other country in human history. One might, however, note that Soviet steel production, less than one-tenth of U.S. steel production 25 years ago, is now one-half of U.S. steel production; and that the press in this country is currently engaged in a scare campaign concerning the Soviet Union surpassing the United States in scientific and technical training, the harbinger of future economic superiority.

The Soviet Union, according to Berle, is an imperialist state, "conquering or subordinating" to its own "empire" neighboring states, while there has been no U.S. imperialism since 1900, and U.S. corporations "coexist" with and scrupulously refrain from interfering in the internal affairs of states with which they deal.

It is enough here to compare only a few of the events of the past year to refute this malicious nonsense. In 1954, the Soviet Government turned over to the Governments of China, Bulgaria, Rumania and Hungary its 50% share in joint companies which only a few years ago established new modern industries in those countries based on Soviet equipment and engineering aid.

Another dramatic illustration of the totally new feature in international relations brought about by socialism is that for the first time in history, the more powerful country does not seek to conquer and exploit its weaker neighbors, but renders genuine assistance. Under socialism, with human exploitation eliminated, the basis for imperialist grabbing is removed, and international relations are motivated by "a sincere desire to help one another and to promote the economic progress of all" (Stalin).

At the same time, the U.S. Government brought to a successful conclusion its attempts to return to U.S. and British corporations Guatemalan and Iranian properties which had been reclaimed by the peoples of those countries after a generation of profiteering by the foreign corporations.

Who can deny that U.S. Government and Big Business intervention in these countries was anything other than the crudest imperialist buccaneering? Did not our most respected publications boast of the leading role of the U.S. Ambassador Peurifoy, in organizing the Guatemalan coup? The Castillo Armas coup was followed by an invasion of U.S. oil, metal, and other magnates seeking to share in the spoils. And the new Government immediately returned all lands to the United Fruit Company, made a new agreement whereby its previously trifling taxes would be further reduced, and permitted it to establish a new railroad in Guatemala, extending its monopoly grip on the country. On the other side, the very first victims were the murdered leaders of the unions of

banana workers on the United Fruit plantations.

Berle's book has been highly praised by Big Business publications such as *Time*, and the *New York Times*. Their reviewers found no fault with Berle's admissions of the monopoly character of present-day capitalism, of the unlimited power of the monopolists. Evidently they agree with this "modernized" defense of capitalism. What is the significance of this book, why is it hailed as a "landmark," a "classic"?

The clue is to be found in a major theme of Berle's, reliance on the "conscience" of the corporate monarch to save and advance the system. He asks, what are the limits to the power of the great corporation? He finds no economic limits, only political limits, such as the vague "force of public opinion." However, his main hope is in the "conscience" of the corporation; that corporations will base their rule on "reason" rather than "power." The feudal lords of Normandy, says Berle, toured their realm and when a common man cried "Haro" to indicate a complaint, they would listen and make a fair judgment. So, he claims, do the corporations—or at least they are moving in that direction. In other words, Standard Oil and General Electric are despots, true enough, but Berle is confident they will be benevolent despots. Berle is as wrong about feudalism as he is about capitalism.

Social systems which outlive their usefulness, and become drags on the progress of humanity, develop rulers whose social conscience is as foul as their economics is retrogressive. Such social systems inevitably are replaced.

In the real world of the 1950s, where is the conscience of that monopoly capitalism which unleashes on the United States a wave of reaction such as has never been witnessed here before? Nor can all the hundreds of billions of the 135 great corporations buy off the real conscience of world humanity, in growing revolt against napalm, atomiq and hydrogen bombs—those weapons which U.S. monopoly capitalism prizes above all else.

The first, if not the second, of these considerations disturbs the conscience of Mr. Berle, who "pioneered" in the vain attempt to sell Franklin D. Roosevelt on the witchhunt prior to Pearl Harbor. He devotes a significant portion of his text to one aspect of this problem—the absolute power of the great corporations to fire and impoverish workers and employees who do not fit the monopolist definition of "loyalty."

Berle presents shocking details of the use of the interlocking blacklists of the giant corporations to ruin tens of thousands economically; and states that the corporations use these to insure qualifying for armaments orders, which he concedes are the key to high profits and technical superiority. While repeating the customary slanders against Communists as justification, he admits that these blacklists can be used by General Electric, for example, to drive all Democrats out of the cities it dominates. Berle puffs and fumes over this problem, says how essential it is to preserve our freedoms, and ends up with a most ingenious proposal. The giant corporations should set up their own courts to try all cases of suspected subversion "fairly" and "according to law"! Thus this liberal, dismayed by one aspect of unlimited monopoly power, proposes not without precedent

to handle it by further increasing that power.

And here we come to the essence of the matter. This writer does not think Berle desires fascism. But his book provides Big Business with a streamlined, Americanized version of the "leadership" theories of Nazi Germany. Nowhere is there even lip-service to democratic forms of government, to the rights of working people to have a voice in the affairs of state. The chauvinist nationalism of fascism appears here in its peculiar United States form—in the claim, assumed by Berle without argument, that American capitalism is altogether different from and morally superior to the admittedly decadent capitalism of Europe. The giant U.S. monopoly corporation is exalted as the natural ruler of humanity; and the ordinary man is told to have faith in the conscience of that ruler. Some such theory is required by an imperialism driving for fascism at home, for war and world conquest abroad. For, in the words of Dimitroff, "fascism in power is the open terrorist dictatorship of *the most reactionary, most chauvinistic and most imperialist elements of finance capital.*" These circles demand that their tremendous power be rationalized and glorified by all the intellectuals who enter into its service in this period of extreme decay of a dying system. Berle's book is a significant addition to this literature of apologetics.

On Biology and Dialectics

By Alfred N. Seymour

THE QUESTION of the nature of life, the distinction between living and non-living matter, formerly the property of religion and philosophy, has been recognized, for generations now, as primarily a question for scientific investigation. This new status came about only through a long and hard-fought struggle between materialist science on the one hand and religion and idealist philosophy on the other. Nor is this struggle completely won. Religious and open idealism have been largely defeated, but disguised idealism in the forms of empiricism and positivism has returned to serve as a brake on the advance of biology.

As Rudolph Schoenheimer points out in a series of three lectures published in book form,[1] the scientific view of living organisms has passed through successive stages, represented frequently by models drawn from prevailing concepts in science and technology. During the middle ages the human body was compared to a perpetual-motion machine. Lavoisier, with the discovery of oxygen and combustion, compared life to a candle. Helmholtz, with the development of thermodynamics, looked on the animal as an internal combustion engine. Finally, such men as Folin and Rubner at the turn of the twentieth century independently modified this view to take into account the wear and tear on the tissue constituents.

All of these views held in common the essentially unchanging nature of the structural elements of the tissues and organs. Even Folin and Rubner looked on metabolism primarily as the combustion of fuel to supply the energy requirements for the functioning of the organism, and only to a much less extent as taking part in replacing the worn-out parts.

These latter views, despite occasional dissent, dominated biochemical thinking until the 1930's.

* * *

In 1932 Professor Harold Urey discovered deuterium, the heavy isotope of hydrogen. In 1934 the first metabolic experiments using deuterium as a tracer were made—forerunners of the new technique of isotope research which has radically changed biochemistry and related biological sciences.

[1] R. Schoenheimer, *The Dynamic State of Body Constituents*, Harvard University Press, Cambridge, 1946.

The man who led these early researches* was Rudolph Schoenheimer,[2] and the conclusions he drew have fundamentally changed the views of biologists regarding the chemical stability of the tissue constituents—proteins, fats, nucleic acids, etc.—of living organisms.

Schoenheimer's great contribution was to demonstrate that the tissue constituents, "the large and complex molecules and their component units, fatty acids, amino acids, and nucleic acids, are constantly involved in rapid chemical reactions." So that today living organisms are looked on not as static structures which act on the environment to extract energy, but as dynamic systems chemically interacting with their external and internal environments. Protoplasm is constantly regenerating itself, and, in fact, maintains its identity only through constant change. The large molecules of the diet—proteins, fats, carbohydrates, nucleic acids—are broken down by the organism into their small constituent molecules. These mix with similar compounds derived from the breakdown of muscle, brain, bone, and liver. From these complex mixtures new muscle, brain, bone, and liver are constantly resynthesized. In life there is a delicate balance between synthesis and breakdown, and when this balance disappears and protoplasm loses the property of regeneration it loses also its identity as protoplasm and becomes lifeless matter.

This contribution of Schoenheimer's has been rightfully hailed as a revolution in biochemistry. It came as a challenge to the mechanistic views of the organism based on Folin and Rubner. For prevailing views of the time did not predict the outcome of Schoenheimer's experiments but rather their opposite.

This failure of biological theory to point the way to Schoenheimer's experiments was not due primarily to the lack of factual material. For while Schoenheimer's experiments conclusively proved the "dynamic state of body constituents," there was much information previously obtained, as to the chemical changes taking place in growth, development and death which pointed in this direction. This failure was due to the grip which idealist and mechanistic philosophy held on biology and biologists. It was not only that biologists failed to formulate, on the basis of the existing facts, a theory of chemical interactions consistent with the subsequent experiments of Schoenheimer, but that in addition they ignored or condemned such formu-

* An isotope is a "twin" of a chemical element which differs in a physical sense (mass) but reacts the same way chemically. Radioactive isotopes can therefore be included in compounds in a diet and will have the same fate in the process of metabolism as their more abundant "twin." Their actual path and final destination in the body can be traced through the radioactivity. Thus, these isotopes serve as "tracers"—*Ed.*

2 Rudolph Schoenheimer, born in 1898, was a German biochemist who left Germany in 1933 with the advent of Hitler. He became a member of the Department of Biochemistry at Columbia University at this time and remained there until his death in 1941. It was while at Columbia that Schoenheimer took advantage of the availability of heavy hydrogen and nitrogen from Urey's laboratory to use these isotopes in metabolic experiments.

tions when they were made. For such a formulation had been made by Friedrich Engels, who in 1878, long before Folin and Rubner developed their theories, anticipated the results of Schoenheimer.

* * *

Since Engels speaks for himself far better than anyone can speak for him, let us examine the following definition of life taken from *Anti-Duehring*.[8]

"Life is the mode of existence of albuminous substances, and this mode of existence essentially consists in the constant self-renewal of the chemical constituents of these substances.

"The term albuminous substance is to be understood here in the sense used by modern chemistry, which includes under this name all substances constituted similarly to ordinary white of egg, otherwise also known as protein substances. The name is awkward, because ordinary white of egg plays the most lifeless and passive role of all the substances related to it, since, together with the yolk, it is merely food for the developing embryo. But while so little is yet known of the chemical composition of albuminous substances, this name is yet better than any other because it is more general.

"Everywhere where we find life we find it associated with an albuminous body, and everywhere where we find an albuminous body not in process of dissolution, there also without exception we find the phenomena of life. Undoubtedly the presence of other chemical combinations also is necessary in a living body in order to produce particular differentiations of these phenomena of life; but they are not requisite for naked life, except in so far as they enter into it as food and are transformed into albumen. The lowest living creatures known to us are indeed nothing but simple particles of albumen, and they already exhibit all the essential phenomena of life.

"But what are these universal phenomena of life which are equally present among all living organisms? They consist above all in that an albuminous body absorbs other appropriate substances from its environment and assimilates them, while other, older parts of the body are consumed and excreted. Other, non-living bodies also change and are consumed or enter into combinations in the course of natural processes; but in doing this they cease to be what they were. A rock worn away by atmospheric action is no longer a rock; metal which oxidizes turns into rust. But what with non-living bodies is the cause of destruction, with albumen is the *fundamental condition of existence*. From the moment when this uninterrupted metamorphosis of its constituents, this constant alternation of nutrition and excretion, no longer takes place in an albuminous body, from that moment the albuminous body comes to an end and decomposes, that is, *dies*. Life, the mode of existence of albuminous substance, therefore consists primarily in the fact that at each moment it is itself and at the same time something else; and this does not take place as the result of a process to which it is subjected from without, as is the way in which this can occur in the case of inanimate bodies. On the contrary, life,

[8] F. Engels, *Anti-Duehring* (International Publishers, New York, 1939), pp. 91-93.

the exchange of matter which takes place through nutrition and excretion, is a self-completing process which is inherent in and native to its medium, albumen, without which it cannot exist. And hence it follows that if chemistry ever succeeds in producing albumen artificially, this albumen must show the phenomena of life, however weak these may be. It is certainly open to question whether chemistry will at the same time also discover the right food for this albumen.

"From the exchange of matter that takes place through nutrition and excretion as the essential function of albumen, and from its peculiar plasticity, proceed also all the other most simple characteristics of life: response to stimuli, which is already included in the mutual interaction between albumen and its food; contractility, which is shown even by very low forms in the consumption of food; the possibility of growth, which in the lowest forms includes propagation by fission; internal movement, without which neither the consumption nor the assimilation of food is possible."

Thus Engels, in 1878, considered as the primary distinction between living and non-living matter, that which Schoenheimer 60 years later was to demonstrate by experiment. But Engels, in this passage, goes further to point out that the essential characteristics of living matter are the characteristics of protein (albuminous) substances. Here also he has been thoroughly confirmed by subsequent research. The isolation of enzymes (the organic catalysts of living matter), the demonstration that enzymes are proteins and that living processes are dependent on the complex organization of enzymes in the cell, have all occurred since Engels wrote this passage.

While the main ideas and facts in this passage are valid today, certain of Engels' formulations need modification in light of subsequent research. These have particularly to do with the nature and role of proteins (albuminous substances). In the years since *Anti-Duehring* was written there has been a great advance in our knowledge of the chemistry of proteins. Many proteins have been isolated in pure crystalline form, and among these are numbered not only such relatively inert proteins as are derived from egg albumen and milk, but also a variety of active enzymes. In the light of the advance of protein chemistry it is no longer held, as it was in Engels' day, that "the lowest creatures known to us are indeed nothing but simple particles of albumen."

But while proteins themselves cannot be considered as alive, they nevertheless contain properties which under definite conditions, such as existed in the early stages of the earth's development, necessarily lead to the development of life. The properties of living organisms are thus derived from the properties inherent to proteins. A. I. Oparin, the Soviet scientist, in his classic, *Origin of Life,* puts it very nicely when he says:

Protein is by no means living matter,

ut hidden in its chemical structure is he capacity for further organic evolu- on which, under certain conditions, ay lead to the origin of living things. n this sense, it seems to us, we should terpret Engels' formula: "Life is the ode of existence of albuminous sub- stances."[4]

* * *

Since Engels' contribution was ignored, why did not biologists and biochemists come to a dynamic view of the chemical interactions of living organisms independently of Engels? They had the same information available, yet they used it to develop an essentally static view of life which has been subsequently proven incorrect.

The facts were the same but the thinking was different. Engels brought with him to the study of natural science the weapon of Marxist dialectics, without which a mature, rounded materialist approach in science was no longer possible. The biologists of this period, faced with the inadequacies of mechanical materialism to aid in the further advance of science, resorted to empiricism, vitalism and other approaches, frequently expressed as a vulgar opposition to philosophy, but always influenced by idealist modes of thought. There is still too much validity to Engels' criticism of the scientists of his day:

> Natural scientists believe that they free themselves from philosophy by ignoring it or abusing it. They cannot, however, make any headway without thought, and for thought they need thought determination. But they take these categories unreflectingly from the common consciousness of so-called educated persons . . . hence they are no less in bondage to philosophy, but unfortunately in most cases to the worst philosophy, and those who abuse philosophy most are slaves to precisely the worst vulgarized relics of the worst philosophers.[5]

It is, therefore, to Engels' philosophical approach, that of dialectical materialism, that we owe this definition of life that has, in its main essentials, withstood the test of the last 80 years.

That contemporary biology, based largely on Schoenheimer's work, has now reached the same conclusions regarding "the constant self-renewal of the chemical constituents," does not mean that it has accepted Engels' philosophical basis, or that Engels' definition is now only of historical interest.

Engels saw this "constant self-renewal . . . this constant alternation of nutrition and excretion" as the essential qualitative characteristic of life from which "proceed . . . all the other most simple characteristics of life."

Contemporary biologists, while accepting the fact of the "dynamic state of body constituents," ignore its significance in the search for the

[4] A. I. Oparin, *Origin of Life* (Dover Publications, New York, 1953), p. 136.

[5] F. Engels, *Dialectics of Nature* (International Publishers, New York, 1940), pp. 183-84.

explanation of other biological problems.

Genetics is a case in point, in which the transmission of heredity is ascribed to the genes, unchanging (or only accidentally changing) particles, which are the determinants of the properties of the organism. When the concepts of genetics are brought into biochemistry, the gene becomes a template, serving as a pattern for the production both of enzymes and the gene itself. Thus the basic determinants of life, according to these concepts, are static particles, able to duplicate themselves and account for all the properties of life, while they themselves are unaffected by their surroundings. A far cry from Engels' view that "life . . . consists primarily that at each moment it is itself and at the same time something else."

Another area subject to the same criticism is the currently fashionable school of cybernetics. This has arisen around the development of modern electronic calculators and theories of transmission of information, which have mushroomed as a result of the war and their application to automatic weapons, and which will undoubtedly be increasingly applied to industry in general with the development of automation. Cybernetics itself attempts to base the study of biology, in particular neuro-physiology, on analogy with these self-regulating computing devices, ignoring the significance of the fact that the nervous system like all other living tissues, and unlike electronic tubes, maintains its identity only through constant change.

* * *

Schoenheimer's contributions and the preceding and succeeding developments in biology illustrate some of the best and some of the worst features of contemporary science. On the one hand they demonstrate that the study of natural phenomena leads and has led to scientific advance despite the predominance of idealist views in biology; that particular idealist concepts and theories are destroyed, or modified, as our knowledge of natural processes is increased; that, under the pressure of new facts, new formulations, or modifications of older theories, are made which are closer to a dialectical materialist approach. On the other hand they show that mechanistic and idealist theories serve as a brake on the progress of biology; that the destruction or modification of this or that theory does not automatically destroy the philosophical basis on which it was built, for, as new questions are posed, new hypotheses arise, within the framework of the old thinking, which serve again to hamper the search for their answers.

The current ideological discussion in the Soviet Union in biology, as well as in other scientific and cultural fields, certainly illustrate that, even under the most favorable conditions, there is no automatic

transition from idealism to materialism in science.

In contrast to the mechanistic approach of contemporary biologists in this country, Engels' deductions in 1878 serve to underscore the importance of correct "thought determinations" for the most rapid advance in biology. Dialectical materialism is important to biology, not only because it arms the working class in the struggle for Socialism, which will create the most favorable conditions for scientific advance, but also because it is an essential part of the scientist's intellectual armament.

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