

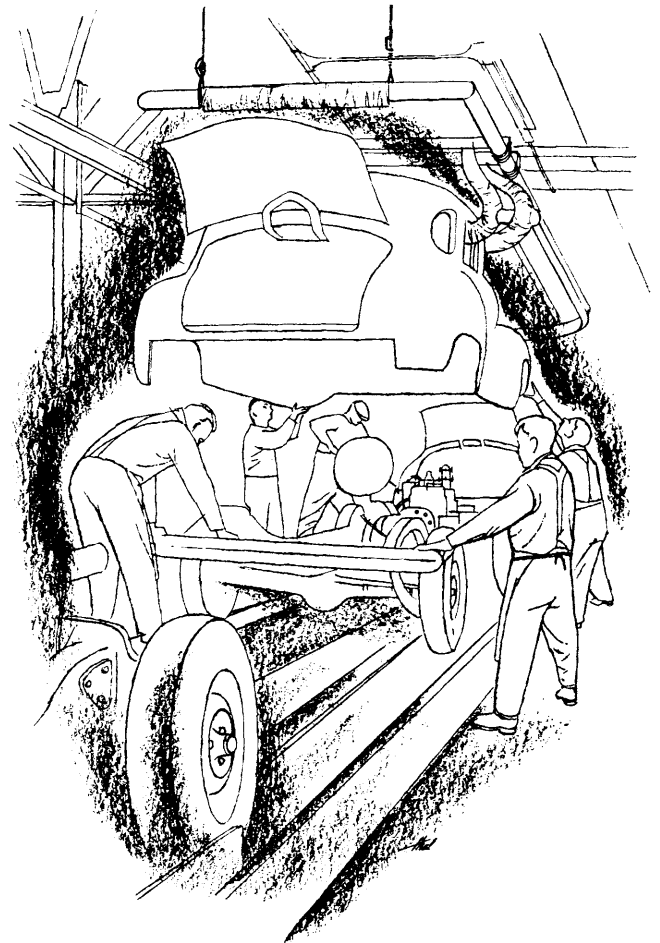
The American
Socialist

MARCH 1958

35 CENTS

**WASHINGTON
and the
ALGERIAN WAR**

**The
Reuther
Plan—
Advance
or
Retreat?**



What's Wrong with Our Schools?

Brazil: Why Latin Countries Stay Broke

LETTERS TO THE EDITOR

"Disturbed" by Review of Victor Perlo Book

The *American Socialist*, to its credit, has been among those seeking both to eliminate some of the acrimony which has characterized the relationships among socialist groups and to find means for promoting the general cause of socialism about which all groups can unite. It is particularly disturbing, therefore, to read H. B.'s review of Victor Perlo's "The Empire of High Finance," published in the December issue.

Perlo, I am sure, would be the first to admit that the evidence he has culled out of many sources (most imaginatively, as it seems to me) is incomplete. He would certainly welcome another TNEC. In the absence of completely adequate source data, conclusions in the area covered by this book are bound to be somewhat tentative. Anyone turning up new material will be entitled to new and perhaps different conclusions.

But this is not the basis of H.B.'s criticisms—if his *ad hominem* comments can be considered criticism. The basis of this ill-tempered review seems to be, quite simply, that H.B. thinks that Perlo follows the Communist Party line and thus must be wrong. This is not a constructive approach, particularly to a book which supplies a vast amount of new and valuable data on the current workings of American capitalism. If there is a better book in this area, I have not seen it.

No one reading the review would guess that Perlo is a scholar with a broad, well-founded reputation particularly in the field of economic statistics. I expect that his book is getting a much more respectful reading on Wall Street and in Washington than it seems to be getting in the offices of the *American Socialist*.

H. B. remarks that the reader cannot place trust in Perlo's classification of interest groups because "internal evidence marks the author as a hasty conclusion-jumper, with a penchant for journalistic assemblage of data to buttress the particular party orthodoxy of the moment and as lacking in critical judgment." But he cites no evidence for this observation. It is no refutation of Perlo to quote Sweezy, which is the closest H.B. comes to tackling any of the issues raised by Perlo's book.

What Dr. Du Bois said in his letter criticizing the *American Socialist's* review of Aptheker's book on Hungary (December 1957) is equally applicable to H.B.'s review of Perlo: "... the possibility of honest disagreement must be admitted ... (but) particularly the scholarship, courage and integrity of Herbert Aptheker (read Victor Perlo) ought not to be assailed just be-

cause his conclusions are not those of the editors of the *American Socialist* . . ." Lincoln Fairley *San Francisco*

[Mr. Perlo's book assembles a great deal of information about the network of corporate control, and is especially valuable in detailing the ebb in the power of the Morgan empire and the rise of Big Oil in the economy. I said that in my review. Possibly I could have said it more emphatically. But wherever he tackles recent changes in the American economy and its mode of functioning, he gets muscle bound along rigid traditionalist lines, and both his judgment and his approach to the factual data are open to question. I think Mr. Fairley and our other readers are entitled to a bit more of the evidence of this.

[There is some reason to believe that the role of the banks and investment houses has altered from their earlier predominance as the financial organizers of the great trusts to a more purely commercial and service function. One of the most important pieces of evidence cited along that line is the ability, due to great accumulations of undistributed profits, of the industrial corporations to finance most of their own capital spending, instead of going to the banks or getting the Morgans to underwrite a new bond issue. I will not here, and did not in my review, attempt to judge this controversy. But it is clear that the major facts are hard to disregard. Here is how Mr. Perlo handles them:

"Government tabulations show that in the 11 years 1946-1956, some 64% of gross capital spending was from retained profits and depreciation reserves, while 36% was from outside sources.

"[To interpret these figures, it is necessary to analyze how these funds are used. Since World War II about half of corporate

capital spending has been for replacement of obsolete and worn-out capital, and about half for expansion. The former is financed out of depreciation reserves, and to the extent necessary, out of retained profits. Comparatively little internal funds are left for expansion. Roughly and approximately, we have the following: as against the 50% of total spending for expansion, there is left 14% of internal funds and the 36% of outside funds which must be raised for the purpose. Thus the outside funds account for as much as 72% of the expansion capital."

[This is obviously meaningless figure juggling, and the fact remains when it is all over that the financial independence of the industrial corporations, so far as capital spending is concerned, has increased: They need to go outside their firms for a far smaller percentage of their required funds than in the past.

[Again, Mr. Perlo trains his artillery on the claim that Wall Street has lost its former commanding position in the financial community, and shares that power today with a number of money centers, being now "first among equals" instead of the undisputed commander. It is hard to understand why he raises his hands in such horror at this idea, especially as much of his own evidence of the growing power of financial centers in Cleveland, California, Chicago and elsewhere seems to substantiate it. Nor, if it were true, would it injure any major socialist thesis in the slightest. One can only interpret his reaction as another instance of rigid stand-pattism of the kind that does little service to socialist economic science. But what is important for our present consideration is, again, the way he handles the evidence:

"[The standard statistical evidence cited to 'prove' the demise of Wall Street domination is the decline in New York City's share of commercial bank deposits from over 30% in 1940 to 18% in 1954. However, this comparison uses an unrepresentative starting point and does not include all banks. Deposits of all banks in New (Turn to Page 22)

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Washington and the Algerian War

"TEN years ago," said an American of many years' residence in the Arab world, in a typical lament, "an American flag on a car was like a letter of recommendation from the Prophet. Now it is likely to be a good target." "We aren't colonialists," said a young Foreign Service officer, "and yet they seem to hate us even more than Britain and France. I don't get it."

It is indeed amazing that a country which a dozen years ago stood perhaps as high as any nation ever has in world popular esteem should have so quickly become the target of a nearly universal enmity and resentment. What is more amazing is the obtuse insensitivity of so many Americans to the fact, and the pathetic remedies proposed. If radio programs, slick folders, the latest in propaganda gadgets, charity handouts, and the gift of brag contained the secret of endearment, we would certainly be the most loved people on earth. The trouble is, a policy line sooner or later gets over in the popular mind, and when it does it cuts across all the pronouncements and, what is worse, makes them appear hypocritical.

On February 8, an American newspaperman stood in Sakiet-Sidi-Youssef, a small Tunisian border town, and made a record of sixty-seven persons dead or dying, the first count in the aftermath of a French bombing raid. "From their dress it was clear they were all poor folk, Tunisian peasants or needy Algerian refugees. Some were horribly burned and mangled. Most were barefoot. None was in uniform." One Tunisian told the newspaperman: "The French: They are mad and they are cruel." And another added: "They did it with American planes, bombs, and bullets."

This was but the latest in a series of incidents involving the U.S. in the Algerian terror by which the French are trying to crush a three-year nationalist rebellion that has only grown in scope despite all efforts at repression. The whole world, and especially the Arab world, knows that the French are using American arms, either as-

signed them through NATO or bought with American credits, to carry out their brutal policy. Earlier in the war, American pilots were known to have been involved in French air activity over Algeria, a fact which our Air Force excused on the ground that it was conducting "NATO exercises." More recently, it was only the rush delivery of nearly 100 heavy helicopters by the U.S. which enabled the French to reassert their military authority over much of Algerian mountain territory. And in the international diplomatic councils, Dulles and his boys have conducted what is intended to be a wily game of doubletalk, but which is really as transparent as Mr. Dulles' clumsy hypocrisies usually are.

THE crime for which the Tunisians are being punished by the French-manned American bombers is their alleged aid to the Algerian rebellion. The irony of the event can't be fully appreciated until one remembers that it was French aid to the American rebellion in 1776 which was in large measure responsible for the strength of the thirteen colonies in standing up to the British. Yet France was an ocean away. Tunisia and Morocco, flanking the Algerians on both sides, could hardly be expected to do less. If the middle-class moderates who rule in those lands are open to accusation at all, it is for having concluded a separate peace with the French on terms of half-independence, before the



OUTPOSTS IN THE MOUNTAINS: Soldiers of the National Liberation Front present arms during inspection by leaders. Guerilla and underground resistance forces are limited in the number of men they can put in the field chiefly by the shortage of arms for the eager volunteers.

Algerian nationalists had established their own bargaining position.

Algeria exploded in rebellion on November 1, 1954, and within a year had forced the French to increase their army of occupation from 50,000 to 300,000, and had put the entire countryside under a state of siege. Since that time, the rebellion has flamed steadily with no sign of abatement, and with no expectation that anything but a nationalist victory, in whole or in part, would end the struggle. In scope and intensity, it is clearly one of the most powerful colonial freedom fights of the postwar period.

What have the French been defending in Algeria? Over a hundred years ago, the area was taken by force of arms. An attempt was made to exterminate or drive out the resident population, much as the American Indians were exterminated, in order to clear the region for colonization. The attempt failed, and colonization could only be partial. The end result was a country of 9½ million, only about ten percent French and the rest of Arab descent. Most of the Arab population has long since abandoned its nomadic existence, and is huddled in frightful poverty in the large cities, or as 70-cent-a-day agricultural labor on the large plantations. Within the French population, a dominant and fascist-minded elite of at most 30,000 wealthy landholders cracks the whip of power. Their power extends into the French parliament, where not one of the two dozen regimes that have followed one another since the end of the war has dared to defy them.

Stronghold of French empire though it may have been, Algeria and its costly suppression show up badly on the French balance sheet in recent years. It is true that the trade with this colony, as with all others, is arranged to act like a suction pump; French importers pay about 25 percent above world prices for what they buy, but collect about 30 percent above world prices for their exports to Algeria. Nevertheless, it hardly seems economic, from a national point of view, to spend some \$2 billion a year on a war to safeguard a trade of about \$250 million. It makes even less sense when one considers that the chief products of the planters in Algeria, wheat and

wine, are a glut on the French market, and have to be bought up by the government subsidizers. All of this is testimony to the power of the North African lobby in Paris, and testimony further to how much national treasure a capitalist government will pour out to guard the position and profits of one powerful constituent.

MORE recently, another element has entered the picture. The long-suspected oil resources of the Sahara desert are being proved in what may turn out to be one of the richest strikes ever, and a small quantity of oil is already flowing to France. For a nation which suffers a quarter-billion dollar a year drain on its resources—not to mention the oil imports paid in francs—in buying Middle East oil, the promise of Algerian oil has put new determination into the efforts to hold that country against its will.

More important for Americans, it adds a new and ominous strand to our imperialist involvements abroad. About a year ago, when the first definite strikes were made, U.S. oil companies made overtures to get in on the deal, overtures to which the French were at first distinctly cool. Not being privy to State Department files, we cannot say what inducements or threats were offered to make the French change their minds, or whether they simply decided that the job in the Sahara was too big for them. At any rate, our oil industry is fast becoming a 50-50 partner, with the French oil firms. *Business Week* for January 4 reports:

Since last September, six U.S. companies and one Canadian oil firm have filed applications for permits, after getting a virtual promise from Paris that the permits would be granted. The companies accepted the one condition the French laid down: They must join with French companies on a minimum 50-50 basis. The companies now moving in on the Sahara include integrated independents such as Cities Service, Sinclair, and Pan American Petroleum (affiliate of Standard Oil of Indiana), along with Phillips, Newmont Mining, Canadian Delhi, and Transworld Petroleum (French affiliate of Texas oilman D. D. Feld-



MEN, WOMEN, CHILDREN: Indiscriminate French bombing all but wiped out the Tunisian village of Sakiet-Sidi-Youssef, and left scores of dead. The punitive raid for daring to sympathize with Algerian freedom war was carried out with American planes and bombs.

man). . . . France has discouraged the majors, but Standard Oil Co. (N. J.) is likely to file a permit application soon jointly with Compagnie Francaise des Petroles.

With these six U.S. companies in and Standard of New Jersey getting in, one would have to be hopelessly ignorant or hopelessly naive about the U.S. State Department to misunderstand the future. We are well on the way to becoming the direct partners of French imperialism in Algeria. Where Washington's motives heretofore may have been chiefly the preservation of the status quo and the welfare of the NATO and Baghdad alliances, now the interest becomes tinted by the golden flow of oil, the most potent single element in U.S. foreign policy since the decline of the House of Morgan. Consider the testimony of oil economist John H. Lichtblau in the Dec. 26, 1957 *Reporter*:

But the French think it also makes good political sense to let the U.S. oil companies join in the Sahara search. . . . Though they have not expressed themselves publicly, many French officials and businessmen connected with Saharan affairs privately think that such a partnership would commit the U.S. oil companies fully on the side of France in Algeria, since it would give them a direct stake in the maintenance of French authority over the area. These circles hope that this interest would have an effect on the State Department's ap-

proach to the Algerian question similar to that which American oil operations in the Middle East have on U.S. policy there.

OUR policy in these areas hitherto has been one of rather sly penetration. We did our best to keep De Gaulle out of power when we landed in North Africa during World War II. Undoubtedly, this was partly in the fear that he would be too assertive about French national interests. We preferred Vichy collaborationists like Admiral Darlan and General Giraud, evidently on the theory that if they would stooze for the Germans they would work just as pliantly for the Americans.

After the start of the cold war, a good-sized American administrative apparatus was built up in the colonial regions, in the form of expanded and super-active embassies, Point Four and information agencies, etc. Waving the flags of anti-colonialism and "help to the backward areas," Wall Street was going to take over the prerogatives of doing business in Asia and Africa, and would soon show the world how much better was decent Yankee trading than arrogant and violent colonialism. But in order to preserve the basic conditions for business penetration, our brand of imperialists soon found they had to prop up the old feudal structures, maintain the essential features of foreign dictation, and back the British and French in their wars to put down the enormous wave of nationalist rebellion which started to flood these regions. That's what happened in Indochina, in Iran, it's what was about to happen in China when the revolution there cut it short and restricted it to Formosa, and that is what is happening in Algeria.

In short, the policy of friendly penetration soon ran out of rope, and we quickly took on the appearance of backers of colonial imperialism. In view of the great hopes which had been raised by our neo-Wilsonian vaporizings during the war, the disappointment was especially bitter. There we have the answer to the perplexed "quiet Americans" abroad who can't understand why we are so "misunderstood." We are getting to be understood only too well. If we want to get liked again, we will have to

change our policies, not just our public relations.

IT has taken great efforts, but the French have succeeded in stabilizing their situation in Algeria, militarily speaking. Incredible as it may sound, there are now a half-million French soldiers fighting to protect the million French colonists, or one soldier for every two civilians. Air mobility on a large scale has been provided with American aid. The French are now said to be in a position to break up large concentrations of nationalist forces in the mountain areas, where they previously had little effectiveness. But this improvement in the French military position should not be confused with winning the war. The rebels, though circumscribed in their activities, are undoubtedly as strong as ever, have the support of the population, and probably cannot be crushed by any measures the French are able to undertake. Incidents such as the Sakiet-Sidi-Youssef bombing of Tunisian civilians are focusing world attention on the conflict and adding to the intensity of North African and Middle Eastern feelings.

Meanwhile, the war is exacerbating the difficulties of the French government. Mollet's long ride in office was due to the consciencelessness with which he was ready—a Socialist, no less!—to give the rightists what they wanted in Algeria. In return, he got votes and emergency powers. But no sooner did he want to raise money for a few paltry welfare-statist measures at home in addition to the Algerian war, than the Right tumbled him. How to finance the war, and at the same time take care of the widening trade deficit which has almost wiped out French holdings of gold and foreign exchange, is a problem that is perplexing every French government. Without a sharp turn in the situation, the French franc is headed for another devaluation, and the government for renewed crises.

Algeria is a terrible canker on the French body politic, intensifying old strains and setting up new ones. Concentrating as it does the most extreme right-wing elements around a single, highly nationalistic, issue, it adds to the long-standing French danger that the postwar crisis and deadlock of

political forces will be broken by a fascist-type coup, and the coming to power of a dictatorial regime. The old adage, that a country cannot oppress others and itself remain free, may be demonstrated all over again in France.

THE Algerian revolution is best understood as one portion of a great North African uprising which has come to a climax in the past five years. As in every nationalist revolt of the last several decades, the movement is divided between wings that reflect the social divisions of the country. But the Algerian middle class is exceptionally weak, as many of the professional and mercantile functions upon which a colonial middle class batters were pre-empted by the large French population. Where, in the sister areas of Tunisia and Morocco, the Neo Destour and Istiqlal parties, led by intellectuals, professionals, colonial capitalists, dominated the movement, the Algerian nationalist movement was founded and in part shaped, from the twenties on, by Algerian socialist workers.

France has traditionally recruited a part of its industrial and menial labor in Algeria, so that hundreds of thousands of Algerian workers are to be found in the industrial regions of France, and the traffic back and forth is quite heavy. For the Algerian nationalist movement, the result has been a constant contact with advanced working class ideology, and a reservoir of experienced unionists upon which to draw. It was an Algerian worker in France, Messali Hadj, who fathered the modern movement and gave to much of it a socialist character.

The Messalists, organized in the Algerian National Movement (MNA), thus have unusual strength as against the FLN (National Liberation Front), which dominates the military resistance, but is ideologically similar to the Bourguibist middle-class government in Tunisia. What the comparative strengths of the two movements are in Algeria itself is difficult to say, especially since both wings were united at the start of the war in the FLN, and many correspondents still habitually attribute all partisan activities to those initials. In France itself, the MNA is undoubtedly stronger among the Algerian workers, judging from recent

efforts of both movements to organize union setups there.

Recently, these two wings of the nationalist uprising, middle-class and socialist, have engaged in bitter internecine conflicts. It is vain, in these cases, to simply bewail the internal antagonisms and argue for united efforts against the common foe. Both sides feel strongly that the positions of strength won by each during the upheaval will shape the configurations of the future nation. Of all the many instances of this that could be cited from recent nationalist struggles, the case of Chetnik and Partisan in wartime Yugoslavia is perhaps the most dramatic.

According to recent reports, the FLN has been striking at its MNA rival with terror. Messalist union leaders in France have been assassinated, and an entire town in Algeria wiped out; in both cases there is evidence pointing to FLN responsibility. Politically, the MNA accusations are given color by the insistence of the FLN leaders that all fighters for Algerian freedom subordinate themselves completely to their organization, refusing to allow room for a socialist wing. The French gendarmerie, instead of hunting down the assassins of MNA leaders, have redoubled their persecution of the MNA.

BUT all of this is cold comfort to the French. For even the FLN, with its leadership of prominent lawyers, merchants, and professionals, has been waging a remorseless guerilla struggle that threatens to re-open the whole settlement in Tunisia and Morocco, especially if the French insist on involving these other countries, as witness their bombing in Tunisia. When Bourguiba was in Paris two years ago, he warned the French government that if the Algerian problem wasn't settled quickly, his Neo Destour party might begin to lose ground to a fellagah-type (the Algerian guerillas are called *fellagahs*) movement in his own country. Since that time, militant pressures in Tunisia have compelled Bourguiba to support the Algerian movement. If the French want an all-North Africa fight, they're likely to get it. By all indications, the North African nationalist movement is now an irrepressible one.

Committed by previous convention decisions to a fight for a shorter work week, the auto union leadership has nevertheless shifted over to a "profit-sharing" plan for the 1958 bargaining table.

The Reuther Plan— Advance or Retreat?

by an Auto Worker

Detroit

A MAJOR revision in 1958 collective bargaining objectives was announced by Walter Reuther and the auto union executive board in mid-January, and blitzkrieged through a special convention of the UAW ten days later. From the rolling of drums and blare of trumpets that accompanied the announcement, one might think that the UAW was off again and running as it has on many occasions in the past, to carry the ball in a bold new labor advance. Actually, the consensus of opinion around the union is that the new bargaining program represents a retreat from the previous position.

Both the 1955 and 1957 conventions of the UAW had unanimously approved the shorter work week with increased take-home pay as the union's next major bargaining goal. At the same time, the union has been on record in opposition to profit-sharing schemes. Reuther had personally led the successful fight against "incentive pay," which had been advocated by the Communist Party and others in the union during World War II. His comments are still timely:

If this union does not realize and begin to think in terms of wages with the whole industry, we are going to go into a post-war situation where the shop having the lowest wage is going to have the job and the shop having the highest standards is going to be on the street. We have got to take labor out of competition. We have got to make them pay the same rate every place in this country where a fellow does the same job. That cannot be done with piece work. That can only be done if we have an industry-wide wage agreement. . . .

Dealing more directly with profit-sharing, the April 1949 issue of *Ammunition*, then the official monthly publication of the UAW Educational Department, carried a major article entitled "What's Wrong With Profit-Sharing Plans?" The heading of the article summarized its conclusions in these words: "They undermine purchasing power when you need purchasing power most; they make



REUTHER OPENS THE 1958 UAW CONVENTION

workers pay for company mistakes; and they don't work." The article said: "Profit-sharing is a step backward. It brings another uncertainty into the worker's life. It makes it impossible for him to depend on the money he hopes to get and on which his family is planning for the things it wants and needs. . . . Workers have fought for years to get good grievance procedures set up in the plants—in the contract where they can be seen, interpreted, and enforced. Under profit-sharing plans, nobody has time to process a grievance. Everybody is too busy knocking out an extra nickel an hour for himself—and extra dollars for the boss. Working conditions get worse for the same reason." And further: "Beyond that, you have the fact that under profit sharing there is no longer any industry-wide or even local standard for jobs and wage rates. Pretty soon community competes with community for whatever work there is and workers in one plant find themselves competing against workers in other plants to see who will be willing to work the hardest. Instead of stable collective bargaining, you get anarchy."

The article concludes: "But union men who have seen the problem from the point of view of the whole union have been against profit-sharing since way back when Samuel Gompers, first President of the AFL, was against them because he found that profit-sharing unions usually ended up with wage rates below those set for the rest of the unions. They got a fair wage only by extra profit for the boss. Since the days of Gompers, both AFL and CIO leaders have consistently argued for a square deal in the pay envelope without the nightmare of bonuses, accounting reports, trick computations, and speed-up that come with the dream of a split in the company's profits."

IN the light of this tradition, the question has been raised whether things have changed so drastically that the

union's earlier positions are no longer valid or applicable. Actually, the conditions which gave rise to the union's support of the shorter work week as its number one bargaining goal have if anything become more urgent. Currently in the state of Michigan there are more than 320,000 jobless, with over 200,000 in the Detroit area, a rate of unemployment close to double that in the nation as a whole. The rise in productivity has been phenomenal. In 1947, for example, 649,000 production workers produced 4,798,000 passenger cars, trucks and buses. Ten years later, in 1957, 652,000 production workers, or only 3,000 more—a work force less than 1/2 of 1 percent bigger—produced over 6,200,000 units, a 30 percent increase in production.

This technological unemployment has been aggravated for a few years in Michigan by the decentralization of the industry, and the whole problem has assumed new dimensions with the economic recession of recent months. By late January 800,000 cars, an all-time high, were stockpiled in dealers' inventories.

All this time, in-plant problems have multiplied. For a variety of reasons, working conditions and wages in the independent and supplier plants have been superior to those of the major producers. Many of the superior features of these agreements were surrendered by the union in a vain attempt to aid companies weather the competitive storm. Even with the folding of some of the independents, the process continues. Chrysler workers have been the latest to suffer under the whip-lash of a corporation determined to improve its competitive position. Workers in the Chrysler Automotive Body Division (formerly plants of the Briggs Manufacturing Company which Chrysler purchased) have been under almost continuous siege to increase work loads and revise contract provisions. At this very moment, taking advantage of the lack of buyers for the large number of stockpiled cars, Chrysler is again putting on the squeeze. Dodge members of Local 3, Chrysler ABD members of Local 212, and Chrysler Local 7 members, are the current victims. More strike votes have been taken and more strikes authorized in Chrysler plants in the past two years than in the whole previous period after World War II. Debate at the last two UAW conventions reflected the bitterness of many delegates at GM standards dragging down the standards of the rest of the industry.

Even supporters of Reuther's latest plan readily admit that profit-sharing devices will not meet the two major problems of the union: unemployment, and the need for uniform job conditions and wages. But the bargaining program has to be viewed as a public-relations job designed to meet the difficult spot the union is in, rather than as a solution to the union's pressing needs. It is an attempt to retreat under cover of a synthetically ferocious struggle. Between the general disrepute of unions as a result of the McClellan committee's exposures, and the sag in the economy, the collective bargaining position of the union is clearly not a favorable one.

The union leadership consequently felt it necessary to present demands which it believed would have the broadest possible public appeal, unload any stigma of responsibility for continuing inflation, and thus maximize the

The Losing Race

FROM 1940 through 1956, real average straight-time hourly earnings of auto workers increased only 27.7 percent while productivity in the economy as a whole, as measured by the Bureau of Labor Statistics, increased 64 percent. In 1956, auto workers averaged \$2.28 per hour in straight-time earnings. Had the buying power of their wages kept pace with the rise in national productivity since 1940, their straight-time earnings in 1956 would have been \$2.93 per hour—a difference of 65 cents per hour. Only about half of the difference is accounted for by improvements in fringe benefits won during this period (excluding those fringe benefits, such as shift differentials, which are reflected in the BLS wage figures used for comparison with productivity).

—UAW Administrative Letter

possibility of winning small concessions without a major strike. It came up with a bargaining program tailored to its strategy of orderly retreat.

What can be said for the profit-sharing proposal, and the earlier proposal for a price cut of \$100 per car, is that they have dramatized the fantastic profits of the major auto corporations and their responsibility for the continuing rise in prices. But they also carried a dangerous inference that the union will not press for necessary economic gains unless the corporations are getting more than a 10 percent return on investment. This concedes too much: Many companies under UAW contract rarely show profits that high.

REUTHER didn't really convince most of the convention delegates of his program. But, beyond the power of the machine to impose its will, there was the low morale of the membership. The experience of Murray Body, Hudson, Packard, Motor Products, and other workers who had their jobs scooped right out from under them is fresh in everybody's mind. Now, the widespread unemployment has made the workers doubly cautious. The machine took care of the rest.

The new program was publicly announced with a lot of fanfare just nine days prior to the convention, leaving little time for an effective opposition to be organized and for the rank and file to get involved in the debate. Then, Paul Silver, president of Local 351, who had acted as a minority representative on the Resolutions Committee for a number of conventions, accepted a meaningless concession from the leadership and decided not to submit a minority report. (The concession was a statement to the effect that workers would have the right to apply their cut of a share-the-profit plan toward a shorter work week.) This further muddled an already confused situation.

Reuther and spokesmen from the platform had unlimited time to talk; delegates on the floor were restricted under convention rules to five minutes. Reuther ruled that debate had to be for or against the collective bargaining package as a whole. In the absence of a minority report from the Resolutions Committee, this placed advocates of the shorter work week in a position where in order to speak for their view they had to speak against

the "Basic Minimum Economic Demands," which everybody supported, as well as against the profit-sharing proposition!

Despite the unfavorable setting for the debate, approximately 40 delegates, many from key locals, made their positions known in opposition to the shift in bargaining objectives and for the shorter work week as the number one demand. Reuther intervened several times to "clarify" the proposals. The original announcement of the new package spoke explicitly of "deferring" the shorter work week demand. In his remarks rejecting the proposal that the "Minimum Basic Economic Demands" and the "Supplementary Profit-Sharing Demand" be divided for purposes of debate and vote, he declared: "You can't be for the shorter work week and this package too." As the debate developed and it became clear that a substantial part of the convention was unhappy, Reuther shifted ground and stressed that the switch constituted a "better tactical approach." Still later he intervened to state that "the shorter work week is not precluded by this program—it is included in it."

After the vote, Reuther announced that his proposal had carried by 90 percent of the vote. A number of observers were of the opinion that a 25 percent delegate opposition was a closer figure, and with the heavier rep-

resentation for delegates in the Michigan area, this would account for roughly a third of the convention. In the corridors, many delegates expressed reluctance to repudiate the leadership on the very eve of negotiations. These discussions further reflected uncertainty and confusion over the suddenly introduced new proposal. It was generally agreed, though, that the profit-sharing proposition was going over with the workers in the plants like a lead balloon.

THIS will not be an easy year for the union. The corporations are talking tough and know things are in their favor. Concessions will not come easy. The union is probably willing to accept a modest settlement based on improvements in accepted areas of bargaining in order to avoid a major strike. But, conceivably, the corporations may conclude that now is the time to take advantage of labor's defensive posture to force a strike.

I am inclined to believe that the most likely development will be a modest settlement equivalent overall to 9 or 10 cents an hour. It is also possible that once such a settlement is agreed on, GM may throw in, of its own accord, an additional tidbit in the form of a minor bonus proposal to achieve the extra "stimulation" of effort which profit-sharing has usually been designed to elicit.

If You Still Have any Principles, You'd Better See a Doctor

by Sol Dollinger

THU Flint, Michigan
THE United Auto Workers' profit-sharing program came under fire from an unexpected quarter during the January UAW convention. Herbert W. Hoover, UAW publicist and director of the union "Shiftbreak" radio program in Flint, voiced public disapproval of Walter Reuther's plan and advocated the thirty-hour week at forty hours' pay as the key issue before the union.

Hoover's bold move brought his immediate suspension as director of the radio program heard daily in the Motor City. Emil Mazey, UAW Secretary-Treasurer, said that Hoover's suspension was due to the radio reporter's refusal to consult a doctor and take sick leave. The Flint UAW publicist responded that he had not learned of this request until he had revealed his opposition to the profit-sharing program.

Shock and dismay are words that only faintly describe the reaction of auto workers in Flint. Hoover was a tireless worker for the union. His radio program maintained a ceaseless attack against the General Motors Corporation and the *Flint Journal*, providing Flint with its single antidote to corporation propaganda. Workers were shocked at the abrupt separation of a previous loyal supporter of Reuther, and dismayed at the scandalous method used to destroy the character of a union employee. Hardly any one condones the malicious attempt to silence an opponent with a smear attack.

Actually, the tactics used by the union officers speak volumes about their present mentality. In their eyes, throwing overboard a well-paid job represents a mental aberration deserving the attention of a psychiatrist. In the eyes of Flint workers, however, Hoover's action constituted a heroic act.

Perhaps the most pertinent question raised by these events is whether Hoover's rebellion reflects only his own thinking or portends greater difficulties for the union officialdom among its own ranks. If Flint is any reflection of the national UAW, Reuther has a long way to go in selling his profit-sharing

scheme. While officials vote for the proposal, they harbor few illusions about it. Hoover said publicly what many of them had been, and still are, saying privately.

HOOVER'S hour and a half daily radio program won him many friends. But no doubt some of his union duties antagonized many workers. Only this past year he had been assigned as administrator over the Flint Chevrolet union paper *The Searchlight*. Prior to that, insurgent groups of workers had been sharply dealt with on the radio program. Hoover was a maverick of sorts—one who followed Reuther by choice rather than necessity. Recently he delivered a speech in the Flint Unitarian Church where he expressed the view that the union had the responsibility of going beyond the immediate issues of hours, wages, seniority, and other such affairs that monopolize the attention of union leaders today. Even more indicative was his public denunciation of Flint's most prominent philanthropist, multi-millionaire G. M. stockholder C. S. Mott. The occasion was a conference of union teachers. To the utter dismay of the frightened liberals, Hoover altered his speech to blister Mott's control of the Flint school system, while Mott was present in the audience. It was the kind of attack that has long since disappeared from the union scene in Flint, where labor makes the pretense that the lion and lamb have lain down together in municipal harmony.

While Hoover's break with the administration was very dramatic, he couldn't possibly expect his action to alter the union course. His public broadcast announcing his disagreement came after the union convention had placed its stamp of approval on Reuther's program. One can only conclude Hoover had more in mind than a theatrical gesture of defiance. At great personal sacrifice, Hoover seemed to be telling the UAW officialdom there is a point where no man can retain his self respect as a union leader and carry out proposals he does not believe in.

Starved by staff and equipment shortage, harassed by badly watered curriculums and professional incompetence, shot through with anti-intellectual bias, our schools are in bad shape and getting worse.

What's Wrong with Our Schools?

by a Midwest Teacher

WITH the arrival of sputnik, there came also a deepening awareness of the crisis in American education. Public school teachers are already threatening their students with Russian Intercontinental Ballistic Missiles if they do not take their studies more seriously. Like good top sergeants, they can command their troops to work more diligently because that is what the "enemy" is doing, but the average classroom pedagogue cannot make education itself more worthy of diligent effort. To do this entails an overhauling that is far beyond the scope of any recent proposals to change the schools or the community's attitude toward education.

The irony of the post-sputnik period is that most of the pointing to Soviet society—in particular, its accomplishments in education—has come from those in the ruling echelons; generals, admirals, business executives, statesmen, and government scientists. While the reasons for advertising Soviet success in this field are tactical (a means to whip our own house into shape and justify more military outlays), consternation is not totally unjustified. The recent scientific achievements, a product in good part of the Soviet Union's educational institutions, are important for three reasons: 1) they have upset the military balance of power; 2) they affect our capacity (or incapacity) to win over the neutral nations of the world that need scientifically trained manpower; and 3) they are omens of Russia's ability to continue her unprecedented economic growth.

The mounting anxiety (apparent or real) about the plight of our public schools arises from the new Soviet challenge; what will be the actual response? How fundamental a change can be expected? To answer these questions properly, we must first take a good look at our school system's deterioration. There are basically three sets of factors at work; 1) shortages of classrooms and teachers; 2) professional incompetence and curriculum deficiencies, and finally; 3) the anti-intellectual ideology

of the community and in the centers of economic and political power.

THE crisis in education, as commonly viewed by the average parent who sends a child to school, arises from an expanding population. This has resulted in a shortage of teachers and classrooms. According to this view the problem is simply one of lag; the financing of schools and making funds available for the purpose of increasing the supply of teachers have not changed with the educational needs of the nation. The solution is simply to clamor for more money from the federal, state, and/or local governments.

The seriousness of the crisis can be seen from the shortage of *qualified* teachers in all areas, and especially, the sciences. In a Congressional Report published in 1955 on "Automation and Technological Change," the magnitude of the shortage was stated as follows:

. . . our supply of teachers is dropping behind at the fearful rate of 60,000 a year, and that the deficit may reach 520,000 by 1966. . . . The number of teachers qualified to teach physics, for example, has decreased by 74 percent in the last several years, and the well-qualified high-school science teacher has all but disappeared.

Can the financial aspects of the crisis in American education be solved without a change in our social orientation? Without a dogmatic "no," I can indicate at least three serious obstacles to overcoming the economics of the crisis. First, the raising of funds through the legislative process results in a great deal of Congressional cock-fighting around who gets what and for what purposes. The segregation issue is but the most recent political impediment that has hindered the allocation of school funds. Second, the financing of our school program is not planned. It is a hit-and-miss process where funds are irregularly forthcoming from federal, state, and local governments. Because of this complicated and cumbersome arrangement, funds are rarely had when and where they are mostly needed. And finally, the supply of qualified teachers is continually being drained off into the private sectors of the economy. This point was underscored by the same Congressional Report cited above: "Industry, by outbidding our schools for the best talent, is draining a large percentage of our superior teachers and, by doing so, may be guaranteeing that the shortage will last for many years to come."

Public schools are deteriorating internally from incompetent teachers and deficiencies in the curriculum. This fact is probably more a reflection of broader tendencies than a cause, but nevertheless, warrants separate consideration.

The problem of *incompetent* teachers is partly due to low salaries and partly due to the places where teachers are trained. Low salaries naturally attract those of minimum talent; therefore, as one might expect, the students who generally select teaching as a profession and major in Education are of the lowest quality relative to their student peers. Intelligence and aptitude tests that were



given to 339,000 students, as related in "The Organization Man" by W. H. Whyte Jr., indicated that those students majoring in Education turned in the poorest performance of all the students tested. Moreover, the margin of difference in performance between the prospective teachers and other students enrolled in the Engineering and Liberal Art Colleges was very large, and therefore, no weaknesses in the sampling method employed in administering the tests and the tests themselves could account for the low performance of students majoring in Education. Our prospective teachers won the booby prize.

GIVEN as the denominator an inferior collection of students who are seeking entrance into the teaching profession, the problem is compounded by the fact that these teacher-aspirants frequently spend a large part of their university or college life in teacher-training institutions (Colleges of Education and Teacher Colleges) which are notorious for their low standards and waste-of-time courses. Thus, a poor level of competence is perpetuated. Finally, in the opinion of Arthur Bestor, history professor at the University of Illinois, an examination of these institutions by the professional educationalists "reveals with startling clarity . . . anti-intellectual assumptions" of much of their thinking.

The problem of curriculum *deficiencies* in our schools is more complex. As many of the recent articles in popular magazines have asserted and documented, our public schools are deficient in science, mathematics, languages, serious literature, and social science courses. This deficiency is aggravated with the introduction by well-intentioned teachers, administrators, PTA organizations, of a multitude of what are commonly known as "personality and social adjustment" subjects: Speech, Auditorium, Driving, Dancing, Know Yourself, Home Economics, Civics, Home and Family Living, and How to Be a Good Citizen, are but a few. Quite often these courses are conformity routines in the social graces of middle-class living. In conjunction with these "social adjustment" innovations is a preoccupation with many extra- and non-curricular activities that take place during and after school hours: student government functions (often popu-

larity contests), dances, assemblies, clubs, athletics, and air raid drills. Add up the time devoted to these non-academic courses and activities, and it is not difficult to understand in part what ails the academic side of public school life.

But this is not all; the problem grows worse as you probe more deeply. The academic subjects that are available (English, social studies, mathematics, and science) are not only taught by the least able of those individuals who acquire a higher education, they are not only taught in insufficient quantity, and in overcrowded classrooms—but they are taught non-academically. Too many teachers and administrators in our school systems are non-intellectual, and even worse, they are often carriers of anti-intellectual attitudes. They are frequently uninterested in the subject they are teaching, uninformed, and uncritical. *Life*, *Time*, and the *Reader's Digest* are more often than not the sources of their reading stimulation. Shop talk and overall conversation in and out of school consist of petty griping, athletic events, the latest movies, the TV show that was watched last night, sensational crimes, gossip, and the weather. It is a rarity to find a serious and sustained discussion of vital questions about the past, present, or future. Far more is known and said about tail fins on new cars than the reasons for the decline of various civilizations, problems of the Cold War, or the implications of some of the new developments in natural and physical sciences.

THE teachers in the secondary school systems throughout the country appear to be divided into two philosophic camps: the "readin', 'ritin', and 'rithmetic" (combined with a good, stiff ruler) on the one hand, and the "social adjustment" camp on the other. Neither faction has much to offer in terms of a serious solution to the deterioration of our public schools.

The "tough minded" and generally more reactionary teachers (politically and socially) have one universal panacea for all that ails our schools: discipline. They naively and almost exclusively blame the lack of discipline on John Dewey, the alleged founder of the "social adjustment" philosophy of education. The community, unstable and unhappy family living, class background, mass media of communications, wasteful diversions of leisure time, and corrupting mass culture are never considered as possible causes for much of the rowdiness among teenagers, but only that bogey, the progressive philosophy in education.

This "get tough" school of thought has very little to offer American education. Its teaching methods are frequently dull, repetitive, and consist of mechanically answered questions of a purely factual nature or drill exercises that are taken from the back of the current text or some other text which was in use many years ago. Their solution to the needs of the brighter students is to increase the quantity of what is generally taught to the slower ones. This is sometimes called an "accelerated" program.

The teachers representing the "social adjustment" camp are likewise channelizing their energies in a dubious direction. However, they are not as easy to analyze, since they

include a vast range of teachers who do not all adhere to the same views or practices. Many of them are part of the liberal wing (socially and politically) of the secondary school systems. In political terms, liberal here means a small number of left-wing Republicans, a large number of welfare Democrats, and a few, scattered socialists. Socially, it means a more flexible state of mind, one more open to reason and experiment. Unfortunately, most of these teachers too are non-intellectually oriented, although not necessarily with the overt anti-intellectual overtones which characterize the "tough minded" camp.



TO understand the "social adjustment" practitioners, it is necessary to view their approach in the spirit of Lewis Carroll's "Alice In Wonderland": what they say, what they do, and what they get are three different matters. What they say is basically not too horrifying. "Social adjusters" want their students to learn how to think, how to solve meaningful problems, how to live with people and develop into normal human beings. What they do is activity-oriented, the group and/or project method being a crucial instrument. This method involves the division of a class (usually consisting of too many students with too few physical facilities) into little, autonomous groups, each of which elects a roster of officers. This election process is asserted to be good training for a democratic life. In these autonomous groups, a whole area of history or science is fragmented into parts. Each member of each group finds something to contribute to the whole: write reports, make maps and charts, draw pictures, build medieval castles, colonial forts, or toy telescopes, and just have fun ("learn how to get along with others"). What the "social adjusters" get from the student is more often than not a lot of dribble. The role of the teacher, especially among those "social adjusters" who have carried their group and/or project method of teaching to the extreme, is that of a group leader and not someone dynamically interacting with the minds of the students.

At the outset, the "social adjustment" reforms perhaps moved in a correct direction. They were part of a humanizing movement in our schools and a reaction to stuffy, yardstick rigidity of schoolmasters who behaved more like prison wardens. Unfortunately, the overall results were something else. Gradually, partly as a philosophy, but more as a matter of practice, the "social adjustment" teachers and advocates became excessively preoccupied with the *means* and methods of teaching and not sufficiently with the *quality* and *substance* of teaching. And since the "social adjustment" philosophy has as its practitioner a college graduate of minimum qualities (a fact for which the "social adjusters" are not responsible), the advocates of the new philosophy often even failed in effectively putting their methods into operation. And finally, personality development, social adjustment, good citizenship, and getting along with others, as purposes behind a school's program, are unattainable and unrealistic goals. Not that schools should be made miserable and unhappy places. But personality and social adjustment are a function of too many variables which the schools can hardly influence, let alone control.

Naturally, I make no claim that this condition applies

equally to both junior and senior high school, to every College of Education, to every section of the country, and to every school system in each county. I acknowledge a range of variations and exceptions. The East and North-east, Midwest and Far West, and South, all have special problems and characteristics. Nevertheless, I believe that the basic contours of my arguments and observations are correct, severe and damning though some of them are.

OUR schools, like so many of our present institutions, have lost their sense of purpose, a purpose which ought to have two basic tenets: educational and "equalizing." As educational institutions, the majority of our schools ought to strive toward the following objectives: 1) the dissemination of knowledge; 2) instruction in critical, rational, empirical, and independent thinking; 3) the ability to visualize some of the rhythms, patterns, and developmental processes in the physical, natural, and social sciences, and finally; 4) the stimulation of interest and the arousal of curiosity in the community, world, and universe about us. Needless to say, our secondary schools, colleges, and universities are falling far short of realizing even a small fraction of the above educational creed.

In the matter of "equalizing," we run into another kind of problem which involves both economics and social psychology. On the side of economics, there are the drop-outs of talented high school and college students because they lack funds, or are forced to go to work. Testifying before a Congressional Committee, professor Walter S. Buckingham had this to say on the problem of drop-outs:

A recent National Science Foundation study shows that out of the upper 25 percent of high school students about half are unable to go to college and another 13 percent drop out before finishing college. Thus, nearly two-thirds of those with the greatest potential for scientific leadership never receive a college education. Less than one-quarter of 1 percent of these ever continue their education through to doctor of philosophy.

The solution to this aspect of the problem is financial aid; not only honorary scholarships, but living allowances as well.

The social psychology of the "equalizing" problem is more subtle; however, its consequences are probably even greater. A vast range of students have potential ability which is never realized or channelized in the proper direction because our schools, with their strong middle-class bias and their unconscious effort to fit everyone into a single mold, fail to motivate many youngsters who come from working- and lower-class families. Albert Cohen, a professor of sociology at Indiana University, cogently stated the case as follows:

[The "working-class kid" is often not accepted by the middle-class standard of the teachers and other students.]

If by the rules of the game, you are no account, one thing you can do is get together with other losers and change the rules. . . . Good becomes bad and bad, good.

Toughness, indifference toward school becomes the new norm. You can even acquire stature in the group by defiance of authority and by being punished. You are a member of a community, and however you are regarded by others, here at least, you amount to something. . . .

Middle-class families equip a child before he gets to school with much of the behavior and skills that the school is called upon to inculcate. . . .

The working-class home places less emphasis on these things.

Under such circumstances, it is the obligation of our schools to equalize this initial social inequality. The honest way to do this, to quote professor Arthur Bestor again, is to devise "pedagogical techniques [and create a situation] for giving fundamental intellectual training to children who learn slowly"; and I might add, to children whose motivational patterns do not correspond to those of the mentors of our schools. "The dishonest way is to steer such students into courses and curricula that have been drained of intellectual content. . . ." Unfortunately, this is what happens in fact. Students with working- and lower-class backgrounds sooner or later find themselves on the non-college preparatory side of the fence, sliding through on perhaps "easy" but eventually unhappy terms. Add to this the systematic discrimination against some minorities, especially the Negro, and what you find is that a fantastically large number of potentially qualified students never acquire the background to attend college or a recognized technical school.

The general deterioration of our schools and colleges cannot be explained in terms of the internal mechanics of the institutions themselves. Basically, the low status of the teacher, the intellectual, and education in general, are the underlying factors of the decay. Paradoxically, we are a nation that never tires of expressing its great faith in solving all grave problems via the educational process, while simultaneously tagging the most intelligent and best disseminators of education as "eggheads," and of course, "unrewarding" them accordingly. An ad man

who can write soap jingles, an incompetent lawyer who can sell real estate, an actress who can't act but who has other qualities—all these earn far more than the average school teacher, college professor, laboratory technician, and theoretical scientist.

HISTORICALLY, the low status of the American intellectual is connected with the unfettered dynamics of American capitalism. Its overall spurts of growth, expansion, and creation of opportunities in the absence of an ancient regime was bound to develop an educational orientation that was more concerned with doing than thinking; making a living than contemplating its value. Education too often became solely a means to success, measured by pecuniary canons of taste, rather than a standard of value by which society's cultural, political, and social heritage could be evaluated.

This anti-intellectual and practical orientation has not, however, developed without its paradox. As the substance of our industrial system (in contrast to its capitalistic regulation) grew, expanded, became more complex, and developed more leisure for the general populace, it called forth a need for purer and more intellectualized research. Knowledge for the development of electronics, mechanical brains, nuclear physics, and automated engineering, demands the kind of training that cannot be acquired by the entrepreneur-inventor tinkering in the basement of his home. However, this intellectualized need occurs in a world precariously balanced, in an industrial complex regulated by unfettered commercialism, and in an atmosphere where a contrived need for secrecy impressed itself on the social and political fabric. American capitalistic relations have generated a social and political superstructure which is not conducive to the needs of an advanced, industrial society. The national need for linguists has increased, but the mental aptitude for and interest in foreign languages have relatively diminished. The need for scientists on all levels has moved upward, but the number of people capable of fulfilling the need has pushed downward. Leisure has increased, but the quality of our social living has deteriorated and is used for anything but serious reading, study, and the appreciation of the arts.

The moral decay in our political and cultural life is not being challenged or counteracted by our schools. Our institutions of secondary and higher learning do not instill vision in those who attend them. Our college campuses, and too much of our community, have become hot-beds—not of socialism, not of radical ideas, not of independent thinking—but of Careerism, Caution, and Conformity.

The plain truth of the matter is that a really good educational institution is a threat to an economic and social system that cannot see farther than its profit-oriented nose. Investments in education have nebulous returns, and unlike investments in commodities and missiles, an educational system which teaches too much may turn out a product antagonistic to private enterprise. Thus, to answer my introductory question—with this mounting concern about our schools, how *fundamental* a change can be expected?—I believe that it depends on what is done to change American society.

Stronger than loans, Point Four, or well-meant speeches about "good neighborliness," long-established international economic patterns hold underdeveloped nations down.

Brazil: Why Latin Countries Stay Poor

by a Special Correspondent

IN a previous article we examined a few of the internal economic problems which confront the working classes of the underdeveloped countries within the capitalist system, using conditions in Brazil for illustration. Still making use of that country as an example, it can be shown that these workers are equally, if less directly, affected by certain international economic patterns which must also be overcome if they are ever to attain a measure of prosperity and some control over their own destinies.

The very fact that it is possible to use the terms "semi-colonial" and "colonial" as a synonym for "underdeveloped," in referring to these countries, implies the existence of imperialist or semi-imperialist nations at the other end of the political spectrum. The pressures which these countries can exert on their weaker neighbors may vary: from subtle maneuvers in the case of more self-reliant nations like Brazil or India; through swift diplomatic kicks administered to such "small fry" as Guatemala or British Guiana; to the mayhem that has taken place in more recalcitrant areas like Kenya or Algeria.¹

Although the imperialists' designs on these countries may at times be strategically motivated, economic benefits have always been the primary reason for gaining ascendancy over them. The stickiest fingers in the Brazilian pie now belong to American businessmen who, through Washington, exert a corresponding influence on the political orientation of the country. In the past, Germany has also been important in Brazil's economic and political affairs, and the two countries between them now account for over half of all Brazil's foreign trade (in this we include \$200 million in petroleum products imported annually from Venezuela, but paid for in dollars, the profit and prestige going to U.S. oil companies). Their relative positions can be seen in the following table, which also shows the recent

Our correspondent in Brazil wrote "Brazil: Anatomy of a Have-Not Nation" in our December 1957 issue. This article continues the analysis, taking up the country's foreign-trade position.

decline in export receipts, the reasons for which will be discussed further on.

RECENT BRAZILIAN TRADE WITH U.S. AND GERMANY (in millions of dollars)

| Year | Exports to U.S. | Imports from U.S. | Exports to Germany | Imports from Germany |
|------|-----------------|-------------------|--------------------|----------------------|
| 1951 | 905 | 698 | — | — |
| 1954 | — | — | 199 | 140 |
| 1955 | 629 | 240 | 122 | 86 |
| 1956 | 581 | 215 | 115 | 73 |

During this period, coffee made up about 80 percent of the exports to the U.S. and 55 percent of those to Germany; it was followed by cacao (8 percent and 12 percent respectively), iron ore, manganese, vegetable oils and fibers, and hides. The predominance of one major export item is typical of the underdeveloped countries—although it is much more pronounced in those which are smaller and less diversified than Brazil—a situation which makes them very vulnerable to imperialist pressures. Imports to Brazil are, as might be expected, largely the products of foreign industries, which in their decreasing order of value consisted of: miscellaneous manufactured goods, motor vehicles (the largest single item from the U.S.), industrial machinery, and electrical equipment—which four categories represented about 70 percent of Brazil's imports from the two countries—followed by chemicals, grain, oil, and coal.

BY exporting raw materials and importing items manufactured elsewhere, the Brazilian workers lose a great deal of the possible value that could be theirs were the processing to take place within the country. At the present time, however, such a loss is more theoretical than real, due to the huge profits of national tariff-protected industries, most of the production of which is available only to the well-heeled few, and costs far more than would the foreign-produced equivalent in spite of the miserably low wages paid. In any case, one can hardly make cars out of coffee. But a decided loss to the worker does come from the use of a substantial portion of the receipts from raw material





sales for importing useless luxuries not manufactured locally (flashy cars, television sets, liquor, and what have you) which are destined only to enhance the well-being of a small minority.

Another decrement occurs with the gap, shown in the table, between the value of exports and that of imports. Although some of this difference represents funds diverted for purchases in other areas (as, for instance, dollars paid for Venezuelan oil), nevertheless, during the 1954-56 period the country lost in this way over \$300 million, or 7 percent of its total income from exports, the money being spent for payment of dividends to foreign investors, for investments by Brazilian capitalists in foreign currencies or securities,² or simply to provide trips and vacations abroad for the wealthy. A further important, but unmeasurable, drain on the country's financial stability is the purchase of foreign exchange on the black market, to be used for the same purposes.

Not only does the nation as a whole receive less than a full return on the value of its export production, but of this, only a very small portion eventually, to use a phrase favored by some economists, "trickles down" to the workers. For example, a study a few years ago revealed that, with the export price of manganese ore fluctuating between \$12 and \$22 a ton, the actual mining cost was only \$2.70 while, after deducting \$5.30 for transportation, the exporter netted from \$4 to \$14 profit! Such fatted profits are often responsible for one other fact, which every country that is a source of raw materials must face sooner or later: the continuous search by the imperialist nations for cheaper sources of supply. To this end they either 1) exploit new areas with an even more backward labor force (for instance, Brazilian cacao exports have been gradually undermined by the establishment of plantations in Africa), or 2) stimulate a general overproduction, as is now happening in the case of Latin American coffee growing. The effects of these practices can be seen in the declining income from exports as revealed by the table on Brazilian trade, and from the following figures which demonstrate this more specifically with respect to the price of coffee, Brazil's economic mainstay.

BRAZILIAN COFFEE PRODUCTION

| Year | Production in thousands of bags | Income in thousands of dollars |
|------|---------------------------------|--------------------------------|
| 1954 | 10,915 | 948,078 |
| 1955 | 13,696 | 843,938 |
| 1956 | 16,805 | 1,029,782 |

The end result is that, as competition becomes more intense, none of the countries get a decent price for their raw materials, and the workers—as happens to unorganized workers everywhere during periods of unemploy-

ment—must be content with miserable wages, producing more and more for less and less. Finally, when profits are no longer big enough to attract the capitalists, their funds are diverted elsewhere, and their former employees are left holding the proverbial bag. This has happened twice in Brazilian history: once when sugar production shifted to the areas of the Caribbean; and again when hundreds of thousands of rubber gatherers were left stranded up the Amazon after their bosses, who had spent their fabulous incomes on luxurious living rather than on planting trees and improving techniques, were run out of business by British planters in Malaya.

A MORE direct way for the imperialist corporations to assure themselves of a steady flow of raw materials at the lowest possible prices, is through monopolies. The successes and excesses of this system in the European colonies, through early government grants, and later by cartels, have been well publicized; but the curtailment of competition by American firms, in spite of the fairly transparent activities of the United Fruit and others, has been largely overlooked, obscured by the deluge of propaganda aimed at perpetuating the myth of free enterprise. A Brazilian author, Silviano Cruz, exposes this deception, pointing out that: "The monopolistic tactics of American companies are prohibited (at home) by the anti-trust laws of the United States, but are protected (abroad) by the Webb-Pomerene Law which permits cartels, price fixing, and the division of markets outside the United States."³ Cruz's study contains many illustrations of how the prices of Brazilian raw materials have been kept down by the monopolistic practices of foreign groups. Of these, we shall select two examples.

During the last war, virtually the entire Brazilian iron ore production was allotted to the British by the allies. By threatening to exercise their power to cancel contracts and thereby leave the producer with no market for his ore, the English were able to keep the price down to \$4.50 a ton (66 percent iron content, FOB Rio). In 1946, however, other buyers (France, Holland, the U.S.) entered the market again; and within a year the price had more than doubled to \$9.50 a ton. The importers could well afford this, as it meant a cost, delivered to U.S. plants, of only \$16.70 a ton compared to \$45.00 for the stateside equivalent. In another case, when U.S. Steel controlled 80 percent of Brazil's manganese production (now reduced because of Bethlehem's new mine on the Amazon), partly through ownership of the principal mines and partly by favored treatment on the only railroad outlet, the company was for a long time able to hold its purchase price down to \$12 a ton. In contrast, such smaller companies as were fortunate enough to share the remaining 20 percent, were able to sell their ore for an average of \$22 a ton. It should be pointed out, however, that in neither of the above cases did the miners, who earned 30 cents a day, benefit from the higher prices—the question was merely which group of capitalists should get the biggest cut.

It is obvious, then, that under the exploitive capitalism that exists in the underdeveloped countries, increased profits seldom mean much to the workers; on the other hand, any decline in export earnings is sure to block what-

ever aspirations they may have toward a higher standard of living. And there is no doubt that the general trend is downward, these countries having to produce ever increasing amounts of raw materials in order to receive even few goods in return. This situation was summed up recently in a Brazilian publication, as follows:

The coffee, copper, and cotton markets [of South America] depend solely on the United States, and any fluctuation in the price of these products places the producing countries in an unbearable situation. In a position that is practically monopolistic, the buyer is able to dictate prices to his suppliers. . . . This, with the need the industrially advanced countries have to constantly raise the income of their population, in order to increase the demands on industries which continuously create new necessities, results in price increases which it is difficult for the marginal producers—the underdeveloped countries—to bear . . . [Thus] the rich nations become richer, while the poor ones become steadily poorer. . . . It is essential to establish new conditions which will stop this distortion in the evolution of prices.⁴

There is only one way in which anything resembling “new conditions” can be established in Brazil and the other underdeveloped countries, and that is by taking control of national and international production and marketing out of the hands of those who are motivated solely by the desire for personal gain, and administering them for the benefit of those who are the actual producers. Historically, lack of strength and effective organization has thwarted all but the most primitive steps in this direction, victory going to the imperialists and their local allies. The latter, while at times disagreeing with the imperialist overlords over how the take should be split, have not hesitated to jeopardize their workers’ standards of living, their jobs, and at times their very lives, in the knowledge that cooperation with the imperialists would bring them power and profit. The members of this social and economic elite, when threatened by their own people, ran to the stronger and richer nations for support.

HAPPY to come to the rescue of their friends—when this coincides with their own interests—the imperialist nations have often sent guns, money, and at times even men, to prop up the declining power and prestige of the local big-shots. Occasionally they devise a program, such as the SESP rural health plan in Brazil, which is more inspired than the average, and wins a measure of public support; but, ironically, these are usually the ones which are run by a few dedicated men on a limited budget. The philosophy behind the big hand-outs is clearly revealed by a cold-blooded analysis of U.S. loans to Brazil, appearing in a business-oriented New York publication:

It is interesting to examine the pattern of the placing of loans already granted. They seem to be very soundly made: they have gone where the least credit risks appear to be involved, rather than on the simple basis of where the money might be most desperately needed.

They have tended to concentrate in areas where North American enterprises are most heavily invested. . . . In some cases the loans have been made to subsidiaries of American investment interests; in some for railway, highway, or farming equipment being bought in the U.S.A., so that the funds expended returned to U.S. suppliers; in some for increasing agricultural output so that food imports could be cut or commodity exports increased in order to provide more exchange with which to pay debts or buy goods.⁵

This is an example of the “enlightened self-interest” which American capitalists have been proclaiming from the roof-tops as the best way to combat labor unrest at home and uprisings abroad, characterized more by self-interest than enlightenment. Just as they have extended grudging benefits to their own workers when unable to fight or weasel their way out of doing so, the leaders of big business also hope that the unsatisfactory sop of these small and badly-placed handouts will suffice to make the colonial areas “safe for democracy.” In their favorite phrase, most recently applied to Puerto Rico, they would like to see these underdeveloped nations “pull themselves up by their own boot straps.” When, more commensurate with the law of gravity, they go into a tailspin instead, the imperialists become incensed that their generous aid (the equivalent, perhaps, of a handful of rockets or a small A-bomb) has not saved these benighted people from revolution. Their duty is then clearly before them, and they rush guns and ammunition to those few courageous militarists who are trying to save bank accounts from the thousands of hungry, impoverished, and obviously subversive “communists.”

Capitalism, for the mass of people in the underdeveloped lands, has been a failure; Marxist economic philosophy has shown them that there is an alternative to capitalist exploitation. Faced with fierce opposition by those with vested interests to any reform movement, it should surprise no one if they take their allies where they find them.

The past decades have seen many attempts on the part of the South American peoples to break out of the colonial pattern and industrialize and modernize their countries. The overwhelming strength of the colossus of the North has heretofore kept the changes to marginal proportions or thwarted them altogether. But the sands of colonialism are running out in Latin America as they are in Asia.

1 In anticipation of possible objections from some readers to this list, let us state that we are not unaware of corresponding power maneuvers in, say, Poland and Hungary; but we are here concerned only with conditions as they exist in the undeveloped part of the capitalist sphere, of which Brazil is a part.

2 As Joseph Starobin pointed out in the August issue of the *American Socialist*, more capital has been invested by “colonial” peoples in the U.S. than has been invested abroad by Americans—no doubt against the day when they may be forced into exile, and also as a hedge against the inflation they themselves are causing by excessive profiteering.

3 Silviano Cruz, *Competição Monopolística nos Minerios do Brasil*, Lisbon, 1953, p. 171.

4 *Visao Magazine*, Oct. 11, 1957, p. 73.

5 *Brazil*, Volume 29, No. 1, 1955.

—We Didn't Make Much Money but We Had a Lot of Fun — by Frank O'Hare

NO young men can today do what I and hundreds of other young men did in 1900: Cut all connection with business enterprise in its every form—industrial, commercial, religious, philanthropic, political, educational—to build up in a brief dozen years a movement which threatened the existing order. Things have changed too much. But all I can hope is that the younger generation of socialists is having as much fun as we-all did so long, long ago. We sure had fun, to balance all the hard work.

In Kansas City in 1903, I met an old associate. I had helped him prepare to take a job as salesman for a large hardware company. He was doing fine. His first question was, "Well, Frank, are you making plenty of money?" How dare I confess to this capitalist-minded old chum that my salary as organizer for Local Kansas City was fifteen bucks a week (if there was any money in the treasury)? But "Millionaire Socialist" Walter Vroomen answered for me: "Mister Byrnes, if fun is cheap at 5 cents a barrel, Frank O'Hare is one of the best-paid men in the United States." I surely thought so myself.

Oscar Ameringer and I used to keep up a friendly rivalry at our joint meetings, 1904-1909, especially about our verbiage. Here was Oscar, in a speech: "I lof tuh cities, mit der operas, concerts, teaters, and bad houses. You farmers lof der soil, der sunsets and tawns, der cooing tuvs. But you must choin mit der city workers, undt vodt YOUR representatives into Congress, so your market, where you sell your cotton, will be controlled by the PIPLE!" And so forth. After the meeting:

O'HARE: Oscar, you made a great talk. The people ate it up. But is it wise to tell them that you love the bad houses? Remember, these people have the morals of an alley cat, but they do not talk about it publicly. THAT is strictly forbidden.

OSCAR: My Gott, Frank, I never said tat. I said BADT houses. Where you take a BAT.

O'HARE: Sure. That's exactly what you said. A "bat" is a loose woman, a bad house is a bordello.

OSCAR: I said B-A-T-H, vere you take a BADT!

O'HARE: Oh, you mean *bath* houses. That is different. But you Cologne Germans have no "th" sound. You make it a "t". You should learn to say "the, that," and so on. Please don't lose your entrancing German accent. The people simply love it. But some words come out differently.

OSCAR: Frank, trill me, trill me. I MUST learn how to pronounce "th".

So I "trilled" Oscar for some days on U.S. phonetics. And he did the Bible research, calling my attention to many



This drawing of Frank P. O'Hare by Fitzpatrick, noted cartoonist for the St. Louis "Post-Dispatch," was done for O'Hare's 70th birthday ten years ago. Supreme Court Justice Wiley Rutledge had a framed copy of it hanging in his chambers while he was on the high bench.

Frank O'Hare is of that select company of great socialist warriors of the Debs days. His wife, Kate Richards O'Hare, was the most prominent and effective woman socialist in the country. Debs' biographer Ray Ginger wrote: "Her success and prominence were due in large part to the behind-the-scenes activity of her husband, a brilliant organizer who had worked with Debs during the Moyer-Haywood campaign." A brilliant organizer Frank certainly showed himself in his powerful campaigns to organize for socialism in the Midwest, Southwest, and South, where, with enormous style and meticulous attention to detail, he helped set up some of the finest local and state organizations, and some of the most impressive meetings and encampments in socialist history.

Last year, for Frank's 80th birthday an array of leading St. Louis citizens organized a celebration "in commemoration of Frank's greatest achievement—his friends." He maintains a widespread correspondence with those friends, among whom the editors of this magazine are proud to be numbered, and bridles when referred to as "one of you old fellers": "I'll have you know, young sir, that my correspondence is with YOUNG people, and the matters we discuss are the very latest items." We are happy to print this brief memoir from Frank's inexhaustible storehouse of recollections.

tremendous passages and stories in the Old and New Testaments.

ILL never forget his marvelous speech to a vast encampment audience. I had introduced him, saying my time was up. "But stay, please. Comrade Oscar Ameringer will speak. And he will make a wonderful speech. I know it. For he will make the speech I made last week in

Kingfisher. It is a great speech."

Oscar opened: "My frendts. I vill not make vun of Frank O'Hare's spitches. I am NOT a spitch schtealer. Ven I become a spitch schtealer, I vill schteal spitches from der same place Frank O'Hare schteals his: FROM HIS VIFE'S BOOK!"

A tape recording of Oscar's speech that day to that huge encampment audience in Southwestern Oklahoma, circa 1906-7, would today be priceless. After I had given him the comic introduction, and he had topped me to the delight of the audience, he began: "Today, my frendts, I vill spik to you on a serious subject." (Laughter begins. The audience is all set for a hilarious hour. They have heard him three times already.)

"I do not vish your laughter or applause. For the subject I vill speak of today is the most important subject that man can tink of." (The crowd laughed again. Oscar made a strong effort to repel the laughter. I could see his brain working, trying not to be the "funny Dutchman from Oklahomy.") "Today," he began again, "I vill talk to you about the most serious subject that man has known of down the aiches. Today, frendts, my subject is VOOMAN!"

I thought that audience of cowpunchers, ranchers, cotton farmers, their calico-clad wives, would go mad. They shrieked and yelled. Some even rolled in the aisles. And Oscar stood there pallid. I thought of the struggle going on within him. I thought of the great work by August Bebel on the subject which Oscar had read in German.

After the crowd had quieted down, Oscar began to read a story from the Bible, of the Levite who entered the village of the Benjaminites with his concubine, and was taken in as a guest by a villager. And at night some of the men of the village came and demanded the concubine "to do with as they would." But the householder refused to give up the concubine. Instead he said "Take my daughter. I cannot violate the law of hospitality." In the morning, when he opened the front door of his house, the dead body of his daughter fell across the threshold.

"And so, down through the ages, women have been the slaves and victims of men. Even today. Even in Oklahoma, where your wives toil in the cotton fields, give up their youth and beauty, and are old, worn out, when life should just begin." They had only to look at their wives to see that. For in all those years Oscar and I NEVER saw a beautiful woman in the cotton country.

In a few minutes the audience saw that Oscar was talking about the most important problem they faced. They forgot his dialect. They heard his thoughts. They sat transformed.

He was a great soul.

A major political issue of the West, the building of an important new power plant, will soon be settled by Congress. Public power advocates face a redoubtable foe in the Pacific Gas & Electric Company.

California Power Play

by Reuben W. Borough

CALIFORNIA'S warring economies, the Pacific Gas & Electric Company and the Central Valley Project, will be spot-lighted when the next U. S. Congress takes on a major political issue of the West: public versus private construction of Trinity Dam's power plant. Specific Congressional action will be on the offer of the Pacific Gas & Electric Company to build the power plant, at a cost of \$56,700,000, for the water diversion project on northern California's Trinity River. The dam itself would be built by the federal government and the "falling water" (diverted from its flow to the Pacific Ocean into California's Central Valley) would be sold to the private corporation. According to the PG&E, the purchase price would net the government \$165,000,000 more than the government would receive during the 50-year amortization period if the public body generated and distributed the power itself. Also, PG&E stresses that it would "pay" \$145,000,000 in federal, state, and local taxes during the 50-year period.

The PG&E proposal is militantly opposed by public ownership advocates, who point out the following:

- PG&E cannot furnish the cheap power required for economically feasible irrigation pumping. If the federal government were to construct and operate the Trinity Dam power plant, CVP's present low rate of 4.6 mills per kilowatt hour would be charged as against a 20 percent higher rate by PG&E.

- CVP would subsidize irrigation from its power revenues by \$70,000,000 during the 50-year amortization period. There would be, of course, no such subsidy from PG&E.

- PG&E's "private enterprise" rates would take from the consumers \$86,000,000 more than would be taken if the federal government built the power facilities—and PG&E, not the people, would still own the plant.

- Under federal construction and operation reimbursable features (chiefly, water and power) would be paid off in 50 years and a surplus of \$170,000,000 earned for U. S. tax payers.

PG&E's claims as to "savings to the taxpayers" from its plan are pointedly met. As summarized in the California

Farm Reporter (April, 1957) by its indefatigable editor, Grace McDonald:

- The asserted tax "savings" of \$145,000,000 would be paid, not by PG&E's owners, but by PG&E's customers in remitting their power and light bills. All company taxes (including income taxes) come out of company rates.

- The \$165,000,000 in payments for "falling water" would be charged as operating expense and would come from company rates.

- The \$56,700,000 capital outlay "saved by the taxpayers" is a power-trust fabrication, since federal power projects require no permanent investment of taxpayers' money; they are self-liquidating with interest of three percent over the 50-year repayment period. The federal government's contribution is a loan.

CENTRAL Valley is crisscrossed by the irreconcilable interests of PG&E and CVP, one committed solely to profit through the unrestrained water-wasting exploitation of hydro-electric power and the other to non-profit generation and sale of that power, coordinated with the widest uses of water for the valley's economic and social development as well as the expansion and conservation of its natural resources. It is no corporate upstart that is demanding the right to build, own and operate the power plant at California's Trinity Dam. The Pacific Gas & Electric Company is one of the largest electric utilities in the nation. With its 58 single-purpose hydro-electric plants, it is the first and most formidable exploiter of the country's "falling water" resource. It is a marvel in marshaled assets, business and financial drive, and political manipulation. The skill with which, in the last 50 years, it has woven its rate structures—from 20 to 50 percent higher than the public-ownership schedules of the vicinity—into the business fabric of Central and Northern California is the envy of the state's most successful private enterprisers.

In the uncouth first half of PG&E's century-long history, scores of savagely competing power corporations, PG&E among them, invaded the state's mountain ranges and inner valleys, commandeered dam sites (often with loose regard for legal proprieties), built power plants thereon, and sold their energy output to cities, towns, and rural areas for all the traffic would bear. It was the great day of picturesque and bitter rivalries and their inevitably resulting "portentous mergers," as PG&E's lively historian, Charles M. Coleman, designates them in his "Centennial Story of the Pacific Gas & Electric Company." The rooking of the public in the process is set forth in the first annual (1912) report of California's State Railroad Commission:

As is customary in such cases . . . as soon as one company buys out its competitor it immediately proceeds to increase rates, not only to the figure that existed before competition—or the rate war—commenced, but also to make rates high enough to compensate it for money lost during the rate war; and, further, to pay interest on the property owned by the competitor, which is generally not needed to adequately serve the territory.



In those glorious days of free enterprise (there was then not even a pretense of regulation by public bodies) fictitious values were built without apology into the capital and rate structures of the corporate bodies. These extensions neither the state railroad commission nor its successor, the public utilities commission, has been able to delete, despite commitments to the theoretical limitations of actual plant investment. The balance sheets of the most enterprising of these corporations show heavy book entries for "intangibles." More than 100 of the gas and electric corporations listed in the railroad commission's first annual report showed physical values (cost of plant, buildings, lands) as little more than \$400,000,000 and the non-physical (and from the public's point of view, unjustifiable) items, "organization, franchises, patent rights," totaling more than \$117,000,000 in value.

In a 1912 decision covering an "invasion" of Western States Company's "territory" by the competing Oro Corporation, the state railroad commission exposed, in part, the hidden current practices: "We are of the opinion that the valuation report of the Western States Company"—whose properties now belong to PG&E—"shows a valuation far in excess of the real value of the property. Not merely are the percentages added for overhead expense and similar items considerably in excess of what in our opinion they ought to be but the unit prices used for physical elements are in many cases in excess of the price for which the material can actually be delivered at the plant and various points on the system."

THE long-established pattern of rate-base inflation and exaggerated operating costs was further disclosed in the 1951-52 public utility commission hearings on a PG&E application for a \$37,500,000 annual increase in electric rates. In a summary of the evidence the Water and Power Users Association of Santa Clara found as extortionate elements:

- Undepreciated rate base used in the calculation of earnings and cost of doing business.
- Ancient and fully depreciated properties re-incorporated into the rate base as "stand-by" equipment although obsolete, costly to operate and rarely, if ever, used.
- Deductions from taxes allowed by the federal government not included in the credit column.
- Market value of the stock (a value much higher than par) used in computing the allowable return on investment.
- Projected expenses over-estimated and projected income underestimated.

In the proceeding of June 17, 1929, initiated by the City of San Francisco to determine the value of the properties of the PG&E and the Great Western Power Company within the city's limits, the two corporations contended their properties were worth \$97,000,000 while the city's tabulations totaled only \$28,000,000. The railroad commission compromised with an estimate of \$38,500,000.

Out of this free-enterprise jungle in which PG&E moved, 520 "predecessor companies"—to use Historian Coleman's words—"descended" to PG&E through 14 intermediary power and gas company ownerships. They were "amalgamated by a progressive process of consolidation during the past 100 years." This proud possessor of the falling-water resource of the people has rooted out all private competition in Northern and Central California. Through an electric system penetrating 46 counties with 9,491 miles of steel-tower and pole lines, it distributes energy in San Francisco, Oakland, Berkeley, Fresno, Bakersfield, and 168 other incorporated cities and towns and in 300 unincorporated communities. Its grand total operating capacity is rated at 4,317,800 kilowatts—almost treble the capacity of the publicly owned plants serving Los Angeles, the nation's leading municipal power city, with a population of 2,250,000. Its billion-dollar expansion

outlined for the years 1946 to 1953, constituted, in its own words, "the greatest construction program ever undertaken by any gas and electric corporation in the United States." With its assets of one and three-quarter billion dollars, its bonds stand at "Aa"—just under the "Aaa" rating of "high quality by all standards."

IN its march toward monopoly, the company bent state regulation to its own purposes; state regulation could open up to it new territory for its own "prudent investment" and at the same time deny certificates of public convenience and necessity to would-be competitors in areas already "adequately served." The new regulatory authority rapidly developed a corps of engineers and rate specialists of outstanding competence who outshone their brethren of the utility corporations in analysis of capital structures. It was not long before some of the most brilliant of these functionaries graduated to the higher corporation pay rolls. Thus the business of regulation became an accepted and highly prized training ground for corporate leadership. But as forthrightly as PG&E accepted government regulation just so forthrightly did it reject government ownership.

PG&E's position at all times, explains Coleman, has remained essentially the same—that of a staunch defender against political invasion of a business successfully created and maintained by individual initiative. . . . During the past half century PG&E has found itself from time to time in opposition to the proponents of government ownership of electric power.

The company has been tireless in its campaigns to cripple and destroy public power. Its activities have ranged all the way from its probably illegal assumption in 1913 of the right to distribute and exploit San Francisco's municipally generated Hetch Hetchy power (continued to this day) down to persistent knifing of Congressional appropriations for the construction by the Reclamation Bureau of auxiliary steam plants to assure a firm public power supply to Central Valley Project's customers. It has been guilty of large expenditures of funds, derived from its rate payers, to block public ownership in San Francisco and other community elections and to prevent Central Valley Project from selling power to municipalities and public utility and irrigation districts. In cold practice it has never accepted the Eisenhower Administration's "shared field"—a division of the responsibilities and returns of business between itself and the government. It has driven inexorably toward one ultimate objective: complete monopoly in California for PG&E.

OVER against the expanding might of the Pacific Gas & Electric Company, California's greatest power corporation, is set the strength of the state's Central Valley Project, a people's domain. CVP is one of the most potent economic, social and political entities of the West. A public enterprise with a planned ultimate investment of more than \$4 billion (still little more than one-fifth completed), CVP is engaged, under direction of the U.S. Interior Department's Reclamation Bureau, in the colossal

task of building and operating multiple-purpose dams, reservoirs, canals, and supplementary facilities to meet the flood-control, power, irrigation, conservation, stream-flow-regulation, and recreational needs of California's 500-mile-long Central Valley, an agricultural area one-third the size of the state and with a population in excess of two millions.



Its final aim includes the irrigation of three million acres not now irrigated plus more than two million acres partially irrigated from inadequate ground water supplies and the annual generation of eight billion kilowatt hours of electricity for irrigation pumping, agricultural, industrial and municipal uses. To carry this plan into detailed performance the Reclamation Bureau proposes the construction and operation of 38 major multiple-purpose dams and reservoirs, together with large canals hundreds of miles in length and 28 hydro-electric plants rimming the valley and projecting their transmission lines into the populated areas.

Since its initial performance CVP has met its programmed obligations. It has paid the annual installments for retiring, within a 60-year period, the investment in authorized projects valued at a half-billion dollars. And, notwithstanding its low water and power rates and the ample annual depreciation allowance for its properties, it will, according to Assistant Secretary of Interior Fred G. Aandahl, yield a surplus to the federal treasury of more than \$47,000,000, after setting aside \$74,000,000 to help pay for CVP irrigation works.

In this connection, it is necessary for public ownership advocates to understand fully and to emphasize continuously the inherent superiority of the financial structures of the great public power enterprises of the United States (CVP among them) over the watered capitalizations of corporate monopoly. Barring gross mismanagement, public power cannot fail to triumph over the exploitation set-ups of "private initiative." First is the lean capital base of public power: investment in physical plant only, with no inclusion of the fictitious values claimed by corporate owners. Second is the uniform practice of the public

bodies of wiping out the debt, of retiring the investment within a fixed period. In contrast, the privately owned utilities continue to pile up debt through issuance of new bond issues on top of old, through splitting of stock and issuance of new stock, and other sapping devices.

FROM the foregoing it is a mathematical certainty, not only that the public body's rate structure will be lower than the private corporation's at the start of operations, but that there will be a continuously widening divergence between the two.

Through the sheer force of community achievement CVP creates its own defenses. Visions of its uprooting and the economic chaos and social distress that would follow focus public attention upon would-be saboteurs. The farmer patrons in the Central Valley's irrigation districts know the significance of CVP's low-cost water and low-cost power for pumping and other agricultural uses—many of them faced ruin before CVP entered the field. The householders and business men of CVP's "preference customer" cities and public utility districts are no less aware. They understand the direct value to themselves of CVP's low electric rates and the indirect value to their communities of CVP's low-cost water and power in the rural areas surrounding them. In addition, Central Valley as a whole endorses the Reclamation Bureau's policy of limiting irrigation water use to small farm ownership—it does not like thousand-acre factories in the field. The evidence is indisputable that this policy, together with the

low power and water costs, has been the greatest single cause of the prosperity and growth of both their urban and rural communities.

When all these factors are taken into consideration it is not surprising that CVP is developing dependable political representation in both the United States Congress and the California state legislature and that the dominant press of the valley—the "McClatchy Chain" newspapers of Sacramento, Fresno, and Modesto—should be steadfastly pro-public-ownership and unrelenting in their attacks upon the PG&E monopoly.

WHEN so-called radicalism is denounced [the] sequence of cause and effect is only too often overlooked. It is assumed that men become radicals because they are naturally criminal, or because they have been bribed by Russian gold, or because they have not been properly Americanized. But the thing that actually moves them, nine times out of ten, is simply the conviction that the Government they suffer under is unbearably and incurably corrupt. . . . The notion that a radical is one who hates his country is naive and usually idiotic. He is, more likely, one who loves his country more than the rest of us, and is thus more disturbed than the rest of us when he sees it debauched. He is not a bad citizen turning to crime; he is a good citizen driven to despair.

H. L. Mencken, 1924



Better to Have Fought and Lost

THE SELECTED WRITINGS OF JOHN JAY CHAPMAN, edited and with an introduction by Jacques Barzun. Farrar, Straus and Cudahy, New York, 1957, \$5.

BOURGEOIS society which at its dawn had advertised itself as the realization of the new golden era of liberty, equality and fraternity, was soon revealed as the triumph of a mean-spirited and greedy commercialism, enthroning in the vacated despot's seat the god of money. Marx had written that capitalism drowned all sentiment in "the icy waters of egotistical calculation" and converted the physician, the lawyer, the priest, the poet, the man of science, into its paid wage laborers.

But a number of artists, feeling that they had been cheated by the apostles of the Enlightenment, turned their backs in contempt on the political world, became cynical about all striving for social advance-

ment, and decided that only in dedication to art could the superior person preserve the great values of civilization. The historic split occurred between the world of affairs and at least a part of the world of art, and the division and mutual animosity has continued on through to the present day. From this hiatus came the literary bohemians, with their scorn for bourgeois values, their demonstrative flouting of the Victorian sex codes, and their rejection even of conventional modes of dress. The Goncourts, in their journal, expressed the sentiment perfectly: "Lying phrases, resounding words, hot air—that's just about all we get from the political men of our time. . . . You come to see that you must not die for any cause, that you must live with any government that exists, no matter how antipathetic it may be to you—you must believe in nothing but art and profess only literature. All the rest is a lie and a booby-trap."

It was not until the turn of the century that the United States was to get its literary bohemias, but the intellectual revolt against the commercial spirit began in New England years before the Civil War. Thoreau left the hurly-burly of the cities for a life of contemplation at Walden Park to proclaim an individualism compounded of what was later to be called anarchism and Gandhism. Emerson in Concord, set up as the Scholar and Critic, fused individualism with the Kantian categorical imperatives to counterpose a transcendental moral law to the mass society of

commercialism. John Jay Chapman was of this line of dissenters, but instead of retiring to his pond, he tried at first to take his opposition into the market place—and the market place broke him.

CHAPMAN was born into the commercial aristocracy; John Jay, chief justice and governor of New York, was one of his ancestors; and his father had been president of the New York stock exchange. His early career followed the traditional lines of members of his class: private tutoring, St. Paul's School in Concord, Harvard, travel in Europe, then Harvard Law School and admission to the bar. When Chapman went into New York politics by joining the City Reform Club founded by Theodore Roosevelt and later became president of the Good Government Club, he seemed destined to cover the ground trod by many another upper-class reformer come to clean up politics. But already at school there had occurred an extraordinary incident which showed that the hidden fires of the preacher or the poet were burning fiercely inside the man and foreshadowed something of his course.

Unbeknownst to himself, he had fallen in love with the half-Italian niece of one of the Brahmin families of Boston. One day, at a party, without any premeditation in the matter, he called outside a man who he imagined had been trifling with the girl's affections, and beat him. Arriving afterwards at his room, where there was a coal fire burning, he plunged his left

hand into the blaze and held it down for some minutes. Then, he went to the Massachusetts General Hospital, where a surgeon performed an amputation. A few days later he was visited by two psychiatrists. They pronounced him sane.

From 1895 through 1900, Chapman was one of the leaders of the Good Government movement in New York and threw all his energies and passions into the political fray. He made speeches from the cart-tail in the streets, lectured around the state, got up newspaper appeals, and organized delegations to Albany. From 1897, he also put out what amounted to a personal publication called *The Political Nursery*. "The object of *The Nursery*," as explained in the masthead, "is to tell the truth. There is no publication at present which seems to cover this exact field."

GOOD Government reform has served for many, like Theodore Roosevelt, as a stepping stone for high government office. Many others got fed up with the hopelessness of it all, and returned to the brokerage houses and the law firms. Neither course was possible for Chapman. His strong intellect grasped the far-reaching social roots of the corruptions of politics as that of the average "Goo-Goo" did not and could not. He hated the soulless pettifoggery of the law. And his untamed passion combined with an overriding sense of morality made it impossible for him to trim his sails to the demands of the business world, much less to use his name and connections, as did so many of his class, to simply cash in. By 1900, Chapman had played out his string. He had written of his mentor, Emerson: "If a soul be taken and crushed by democracy till it utter a cry, that cry will be Emerson." Chapman had done more than utter a cry. He had beat his head against the stone wall, and the wall proved to be harder.

Chapman's defeat went deeper than his inability to upset the smugness and indifference of the class of people whose consciences he was trying to stir. The very instrument he thought he was forging broke in his hands. In 1898, Theodore Roosevelt, with whom Chapman was associated, and who had accepted the Independents' nomination for governor, sold out to Tom Platt, the Republican boss. The reform mayor of New York, Seth Low, who had been a candidate of the Independents, proved an abysmal disappointment. Chapman described in his book, "Practical Agitation," the absorption of a reform movement by the very forces it had set out to tame. He had lost his faith in the very possibilities of organized political reform.

Generalizing his experiences, Chapman in 1898 wrote: "We have escaped an age of tyrants, because the eyes of the bosses and their masters were fixed on money. They were not ambitious. Government was an annex to trade. To certain people the boss appears as a ruler of men. If proof were needed that he is a hired man employed to do the dirty work of others, what

better proof could we have than this: No one of all the hundreds of bosses thrown up during the last thirty years has ever lifted himself out of his sphere, or even assayed to rule. . . . Since the days of David, the great luxury of the powerful has been to be free from the annoyance of other person's opinions. The professional classes in any community are parasites on the moneyed classes; they attend the distribution."

WHEN the founder of the Good Government Club, Edmond Kelly, another Harvard man, discovered that it was impossible to recruit workers to his movement, he became a socialist. But Chapman could not follow suit because he rejected the primacy of economics, thought that people who sought the cure in changes in property laws were themselves "victims of the plague," and that "nothing but moral forces" could wipe out the evil. With this, Chapman sought refuge in a neo-Emersonian chant to the incorruptible individual who would "make his force felt against the whole torrent." Thereupon, Chapman's individualism took such an extreme turn that he decried all organization as wasteful of men's time and energy, and which, besides, could always be bought off.

In his long, interesting essay, written a decade later, on William Lloyd Garrison, whom he revered, Chapman found fault with the great Abolitionist for wasting his time on the anti-Slavery societies and participating in their many factional embroilments, instead of conducting the *Liberator* as a personal venture which simply appealed to the moral conscience of the nation. The political reformer despairing of his reforms had become metamorphosed into the moralist-individualist.

In the beginning of 1901, Chapman had a nervous breakdown, took to his bed for a year, and walked only with the help of crutches for the next two years. He finally snapped out of it, threw away his crutches, came back to the United States towards the end of 1903, and for the next thirty years lived the life of the affluent country gentleman at Barrytown-on-the-Hudson. In this second period of his life, Chapman withdrew from the affairs of the world and turned to the past, to the classics, and to religion. He perfected his style of writing into something exceedingly lucid and pleasing, and the easy flow of language, animated with the sparkle of fresh thoughts, and surcharged with flashing metaphors, added something of permanent value to American letters. Edmund Wilson wrote that Chapman's studies of the Greeks, Dante, Shakespeare, and Goethe "are among the few real recent contributions to the knowledge of these familiar subjects," although Wilson regretted that as a critic Chapman remained a dilettante.

IN his earlier days, even though his iconoclasm had earned him the title of "mad Jack Chapman," he was fighting for things

that interested wide circles of people and his writings had been generally discussed and read. In his "country squire" period, he lost his audience as well as his political bearings. He was living in a different world than his contemporaries. His book on William Lloyd Garrison is penned with all the involvement and passion of Tom Paine writing "Common Sense" on a drumhead. Yet Abolitionism had been dead for better than half a century. And though Wendell Phillips had realized at the conclusion of the Civil War that labor vs. capital was the next big question, Chapman, driven to poetic frenzy in 1913 about Garrison, was totally unaware of Debs' socialist crusade, then at its high point; totally oblivious of the IWW which had just concluded a historic battle at Lawrence, Massachusetts. Even his justly praised one-man invasion of Coatesville, Pennsylvania, a year after a Negro had been burned alive by a mob, to hold a memorial prayer meeting (attended by two people, a Negro woman from Boston, and a stool pigeon sent by the police) had something of the deliberately quixotic about it.

As time went on his iconoclasm took an increasingly unfortunate turn. In 1920, when Siegfried Sassoon read his poems and made an anti-war speech at the Cosmopolitan Club, Chapman arose to denounce

LETTERS

(Continued from Page 2)

York State during the early 1950's were 25% of the national total, as against 28% during most of the period 1914-1929. This is a drop, but not of major proportions."

[While the casual reader may get carried along in the stream of figures, and conclude that Mr. Perlo must be proving something, it is impossible to understand this kind of manipulation from any critical standpoint. Why, if one is trying to assess the place of Wall Street banks, is it more "representative" to look at figures for New York State as a whole rather than New York City alone? Obviously, if there is any choice in the matter, it ought to be the other way around.

[The reader will understand that after a number of performances of this kind, when we are asked to take Mr. Perlo's ambitious classifications of corporations into interest groups on trust, we approach the matter with caution.

[Let me say in conclusion that our book review section has come to be widely appreciated for its critical value, rather than as an advertising medium for one or another left-wing book. It would not be appreciated if we were to slide into the custom of writing puff pieces for books by radical authors. Our appraisals are based on calling the shots as we honestly see them, and not on prejudices or preconceptions of any kind.—H. B.]

what he construed as a philosophy of self-pity and fear. A little later, he contributed an anti-Semitic and anti-Catholic piece of poetry to a Ku Klux Klan periodical.

But let us not linger on the old Chapman who, isolated up in his estate on the Hudson, had lost touch with the progressive currents of the times. Let us rather salute the Chapman who in high spirits and with ineffable good humour tilted his lance at the merchant princes and political knights, and even though jeered at and abandoned, never gave his foes an inch and never bent the knee. Or, let us recall the man of letters who added zest and tang to our cultural heritage.

The publishers deserve thanks for issuing this valuable selection of Chapman's writings, which are now unobtainable, although it is to be regretted that nothing has been included from *The Political Nursery*, and only one short piece from "Causes and Consequences"—representing his active period.

The introduction by Jacques Barzun is written in the current manner of literary criticism: it is full of elevated sentiments and profound-sounding subtleties; but when you are finished reading it, you are none the wiser about Chapman or his times. That is the vogue: Not to bring order and coherence into the discussion, but to reduce the victim to a comatose state with a melange of anarchic impressionisms.

B. C.

Birmingham Tales

THE BIG BOXCAR by Alfred Maund.
Houghton Mifflin, New York, 1957, \$3.

ABOARD the boxcar bumping north toward Birmingham are five men and a woman, all Negro, and all having run afoul in one way or another of the authority of white supremacy in the South. The greatest hazard to be faced by these travelers in their journey towards a hope of freedom in the North will be the big switching yards of Birmingham; and their danger is enormously increased when a seventh refugee tumbles exhausted into the car, who turns out to be a white man just escaped from a chain gang. His presence guarantees that the Birmingham police will shake the train down with more than usual care. Obviously the sensible thing is to throw him out immediately.

Here in the curious isolation of the rolling boxcar, this problem becomes a focal point, a climax, in the lives of each of the seven passengers, and provides, incidentally, a tense final act for Alfred Maund's first novel. The book is a considerable thriller, and one that forcefully requests to be read at a single sitting. However, it has more than excitement to recommend it. For under the surface of the rapid narrative, this is a thoroughly serious piece of work. A major part of it is devoted to the stories of the various travelers, which they recount to each other hoping not only to relieve the discomforts and fears of their

journey, but also to discover a common bond between themselves—much in the manner of the Canterbury Pilgrims. (A jacket note indicates that Mr. Maund was teaching a course on Chaucer in an Alabama teachers' college at the time he conceived the idea for the book.) Through these stories the author presents a number of brief but often intense glimpses of what it is like to be a Negro (and in one case, poor white trash) in the world's greatest democracy. However, the author does not regard his characters—despite the horrors of sordidness and deprivation from which they have come, and the further griefs which are still awaiting them—as hopeless, despairing, or "beat" individuals. Quite the opposite. These travelers are *on the road* all right, but they are certainly going somewhere.

As one of the seven puts it to himself: "Seven people running away from their worlds. . . . Every one of them, himself included, was an outlaw, and there wasn't no law in the boxcar. By all rights a person could have expected rough trouble, but the most that had happened was big talk, a little drinking and some swapping of stories. Despite the lack of law, they stuck together, keeping each other in line by pressure of sentiments. . . . It took a lot of the fear out of what was coming up ahead to think how people don't need a sheriff to make them people. . . . If the North is free, he thought, it isn't much more free than this boxcar. He felt for the first time since he left Lauderdale County that he had something to hang on to."

PERHAPS the weaknesses of "The Big Boxcar" stem from the structure of the work. Chaucer's "Canterbury Tales" are a spacious collection of short stories. But when the author attempts to adapt such a tree-with-many-branches structure to the modern novel (and a very short novel at that) he runs into difficulties in centering his action on stage. He is constantly having to nudge the reader's attention back from one or another of the stories to what is happening right here in the boxcar, and the repeated nudging in turn threatens to make the main line of action appear merely an artifice for holding the stories together. Maund has handled this difficulty with considerable skill, but it remains a difficulty nonetheless. A second weakness, it seems to me, is that a few of the characters don't quite make the grade from being types to being people, and consequently some of the situations in which they find themselves appear contrived.

But all in all, this is an honest, tough, readable, exciting story, written by a man who seems to know what he's talking about. The fact that such a book comes from a professor of literature in the Deep South is in itself gratifying. It takes a lot of guts to be an honest man anywhere—and particularly some places. So, by all means read "The Big Boxcar."

ALEXANDER SAXTON

(A special message
to readers of the American Socialist)

PREFERRED STOCKS— of Ideas

It was no surprise to learn from our first survey of *Monthly Review* readers that many of them also take the *American Socialist*. If you read both magazines, you know how they complement each other in factual reports and in appraisals of domestic and international affairs.

Monthly Review, edited by Leo Huberman and Paul M. Sweezy, is now in its ninth year of steady growth. Few magazines have such warmly devoted readers. A New Mexico businessman writes us: "The best, most objective and constructive thinking I've seen in years." A labor unionist in Ireland comments: "Anything written by the editors can stand stern examination after a lapse of time."

Monthly Review also publishes books. A year ago *Monthly Review* Press issued *The Great Road: The Life and Times of Chu Teh* by Agnes Smedley, a long book selling at \$6.75. In his review of the book in the *American Socialist*, Bert Cochran said: "It is of that genre that other journalists have popularized, part biographical sketch, part social reporting and historical description. The results are engrossing and informative. . . . It is written in lively style and Miss Smedley is thoroughly conversant with her subject."

Another recent MR Press book is *The Theory of Capitalist Development* by Paul Sweezy which sells for \$6. You have read the review of that volume by Harry Braverman in the last issue of the *American Socialist*—a "rave" review in which Harry described the book as "the first fully mature handling of Marxist economic theory by an American socialist."

Because we want to add to our subscription list those *American Socialist* readers who do not yet subscribe, we make this offer:

Send us \$4 for a one year sub to *Monthly Review* and we will give you FREE a copy of *The Great Road*, or of *The Theory of Capitalist Development*.

This \$10.00 or \$10.75 worth of book and magazine for only \$4 is a special offer which will not be repeated. It applies only to new subscriptions. Just send your \$4 check with your name and address clearly printed, your choice of books, and the words "American Socialist ad."

MONTHLY REVIEW

66 Barrow St.

New York 14

A Bit of a Breeze

WE think we can feel a bit of a breeze. Campus socialist meetings are a little larger, and students seem to show more interest and less apprehension about radical ideas. Vigorous new supporters are going to work to boost our circulation. (San Francisco is a good example; last week one reader got nine new subscribers.) Our subscription list is registering a slow, but steady, rise.

There is no way of being sure, but it may be that recent international events plus the economic recession are developing renewed interest in the socialist outlook. All the more reason for all who hold that outlook to put their shoulders to the wheel right now.

One of the signs that pleases us most is that a number of readers, knowing from previous years that this is our annual-fund-appeal time, jumped the gun and started sending in their donations before being asked. We hope that is a sign of a much larger fund this year, as we need it to maintain this periodical and take advantage of opportunities for growth. We have never before broken into our editorial space with appeals to readers, but this month, you'll find our fund letter on Page 3. That's how important it is. We hope every reader will give it his closest attention and immediate action.

LOS ANGELES READERS

Barrows Dunham, noted author of "Man Against Myth" and "Giant in Chains" will appear at a public forum on Sunday, March 16, 8 pm, at Channing Hall, 2936 West 8th Street. Dr. Dunham will speak on "The Nature of Heresy." All "American Socialist" readers are cordially invited to come and bring their friends.

Barrows Dunham will also conduct two four-session lecture classes during March on "Social Philosophies of the Nineteenth and Twentieth Centuries." Interested persons should call REpublic 1-8081. The classes and the lecture are under the auspices of the Los Angeles Independent Forum, formed a number of months ago to "explore radical and socialist thought, trends, and objectives as they relate particularly to present-day American society."

Chicago Readers

"American Socialist" Fourth Anniversary Banquet

featuring as speakers:

BERT COCHRAN

KERMIT EBY

WILLIAM APPLEMAN WILLIAMS

and others, on

"The Crisis of the 20th Century"



SATURDAY, MARCH 29, 6:30 p.m.

Essex Hall

74th and Blackstone

Dinner \$3 Students \$2

For reservations write to
The American Socialist
Room 504, 208 N. Wells, Chicago

Twin Cities Symposium

"American Exceptionalism: Does the Marxist Critique of Capitalism Apply to the United States?"

Panelists:

BERT COCHRAN, "American Socialist" Editor

LEO MARX, Associate Professor of English

Graduate Commons Room, 107 Folwell Hall,
University of Minnesota

Sponsored by The American Studies Club of the
University of Minnesota

NOTE: The dates for the above meeting, and for another meeting at which Bert Cochran will speak at the University of Wisconsin, are not yet set. Both meetings will be at the end of March or start of April, and will be publicized locally.