

LABOR ACTION

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N.Y. Picket Line and Rally Push Anti-Franco Fight

NEW YORK, July 23—The Committee to Defend Franco's Labor Victims carried out two actions in the past week, one a commemoration of the great struggle of the Spanish people in 1936-37 against Franco and his fascist army, and another in protest against the current wave of terror of this rotten totalitarian regime against its opponents.

On Friday, July 18, a picket line marched before the Spanish tourist office in New York City, carrying signs condemning the imprisonment and execution of Spanish anti-fascist workers, and Basque Catholics. Leaflets were distributed condemning a new wave of arrests which encompassed fourteen members of the FOUM. These Poumists included the venerable David Rey, Manuel Alberich, Francisco Claramunt and A. Ortega.

A mass meeting was held on

Tuesday, July 22 at the Labor Temple. Under the chairmanship of Sam Wiener of the IWW, the meeting got under way swiftly in New York's current heat wave. The first speaker was Michael Harrington of *The Catholic Worker*, who expressed the views of that large body of Catholics who are in active opposition to the Spanish dictatorship. He explained why his group, and so many Catholics who thought as they did, found it necessary in good conscience to participate in the movement against totalitarianism and in defense of democracy.

Albert Gates, secretary of the Independent Socialist League, spoke about the formation of the Committee to Defend Franco's Labor Victims and its activities. He pointed out that just at the moment when the State Department and the administration adopted its new friendly attitude to Franco in order to buy the friendship of Spain in exchange

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Democrats Debate Over Paring-Down of Fair Deal

By MARY BELL

The Brass God

"By what authority do petty officers, chief petty officers, and officers demand your obedience? . . . This authority comes to them in a long, long chain of command that reaches back to God Himself . . . Knowing that all authority comes from the Supreme Being makes your military obedience easier. Your superior is God's representative, even if he doesn't know it or believe it." — *From the Chaplain's column in The Dolphin, publication of the United States Submarine Base at New London, Conn.*

Going to press at scarcely midway in the Democratic Convention, at the point where Mrs. Franklin Roosevelt is being given an ovation, we can make only some preliminary observations. Introduced by Mrs. India Edwards, Democratic Committeewoman, Mrs. Roosevelt seems to symbolize her late husband and the "transfusions" of the New Deal into the sick body of capitalism, to which Mrs. Edwards referred.

These and other phrases used by the speakers who have thus far spoken at this convention, as well as certain remarks of the "left wing" of the Republicans, seem to indicate at least "20-20 hindsight" on the part of capitalist politicians, which is maturity and consciousness of a sort.

Among the distinctions with a difference that characterize the Democratic convention are its major speakers. In contrast to the Taft-sponsored General MacArthur, Senator McCarthy and Herbert Hoover, the Democrats have put up Governor

Stevenson, Governor Dever and Senator Paul Douglas, all of whom have delivered middle-of-the-road Fair Deal addresses. Of course, the impress of the Republican key-noters was undercut by the victory of the opposition candidate, Eisenhower.

Storm Center

None of these major speakers for the Democratic Party has sounded such a militant, uncompromising Fair Deal speech as would seem to meet the election strategy of President Truman or precipitate a walkout of the Dixiecrats. As in the Republican convention, however, the civil-rights problem is a major storm center with the disputed delegations, in the committees, in the caucuses and among the candidates. It will be recalled that the Republicans' hope was that their feeble compromise plan on this question would be helped by a possible Democratic compromise on the same question. Yet, given the Eisenhower choice, which must place the emphasis of campaign debate between the two parties largely on domestic problems, the Democrats are hard pressed to at least repeat their 1948 promise.

It is reported that House leader John McCormack will write a civil-rights plank "acceptable" to everyone, including the South. If this occurs, it is anticipated that the labor leaders, or others who are for a forthright plan on civil rights, will bring the fight to the floor. The Lehman anti-filibuster proposal seems most important at the moment in separating the sheep from the goats on this particular issue. It is this measure which would abolish the present two-thirds rule in the Senate on cloture, which is the parliamentary stumbling-block for passage of various kinds of

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Truman's Economic Message Rosy But Fear of Recession Is Growing

By GORDON HASKELL

President Truman's semi-annual economic report to Congress hardly caused a ripple in the public press this year. For one thing, Congress was no longer in session, as its honorable gentlemen had really important business to attend to: getting themselves re-elected. Therefore the report had few, if any, legislative proposals which could arouse controversy.

Although few people paid attention to the report now, it is a safe bet that it will be heard much of later. For in this report President Truman accumulated much of the campaign ammunition with which to batter the Republicans in the fall. The report is highly optimistic about everything connected with the American economic scene.

It takes up everything the Republicans may seek to mention in an unfavorable light, such as taxes, the high national debt and the steel strike. It discounts the importance of the first two, and urges the parties in the last to settle their differences promptly. For the average American it seeks to paint a picture not only of unrivalled prosperity at the present time but of bigger and better things to come.

It would be foolish to deny that once more the war in Korea and the accompanying general rearmament program have demonstrated the

great expansive capacity of the American economy, once the proper conditions and aims for expansion are present. This the report emphasizes in glittering terms.

WHAT DOES IT MEAN?

It compares the annual rate of production for 1939 with that of the first half of 1952. The total has increased almost 90 per cent, while industrial production has doubled. Farm output, despite a declining number of farmers has increased about one-third. Civilian employment has risen from less than 46-

000,000 persons to an average of about 61,000,000; and per-capita income, even after adjustment for price changes and computed after taxes, has risen about 40 per cent.

The figures are pretty, but what do they mean?

The year 1939 was the last year before America began to rearm prior to World War II, though armaments did not go into production on a big scale till 1951. In 1939 there were still between eleven and thirteen million unemployed, after seven years of the New Deal. After the brief rise in economic activity during 1936-37, the economy of the country had taken another nosedive, and showed little signs of recovery till the armament build-up started in earnest.

Comparisons with the figures of that year, therefore, can be made to look very striking.

This is not at all to discount the great increase in employment, production and per-capita income which has taken place. Other figures

are given to demonstrate these increases, even on a less favorable base of calculations.

TRUMAN OPTIMISTIC

The total national output, says the president's report, "measured in 1951 prices, has risen from an annual rate of about \$300,000,000,000 in the second quarter of 1950 to almost \$340,000,000,000 in the second quarter of 1952.

"This increase in total output has been greater than the expansion of all our security programs, which during the same period of time have risen from an annual rate of about \$19,000,000,000 to an annual rate of \$50,000,000,000."

At another point, the report states that these security programs, under which are included all military expenditures and all foreign aid, are expected to rise to between \$60 and \$65 billions next year. The report adds that it is possible by 1960 to raise the annual rate of total

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The Atomic Energy Industry: the AEC and the Corporations —

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other 'fissionable' material would belong automatically to the government . . .

"The atomic plants [would have to operate only] with government-leased uranium . . .

"Any private undertaking must insure that attention to the over-all atomic energy production program would not be lessened . . ." And so on. (N. Y. *Herald Tribune*, Jan. 28, 1951.)

In other words, such private enterprisers would have the same degree of "laissez-faire" as exists for AEC's contractors today!

It is, then, reasonable to believe that atomic energy can compete with and beat coal, oil, gas and other present fuels. And under present conditions any real privatization of the atom, the reintroduction of "free enterprise" into the atomic industry, is quite impossible.

We stress "under present conditions." This is under the conditions of war economy, which is itself inherent in the present stage of capitalism.

But let us imagine for a moment that the war economy, with its limitations, does not exist. Would it then be possible for private capitalism to develop the atomic energy industry?

We have already given the example of what would happen to such industries as coal, oil and gas, and to the transportation system. A corporation which would produce atomic-produced electricity could win the war of competition and become a mighty monopoly. It would throw out on the street at least 30 per cent of its labor force (according to the estimate of the Carnegie Committee, already given). In fact, this process has been quite evident in the AEC's industry:

"The cutting of costs through mechanical improvements and reduction in manpower requirements . . . continued: By May 1949, the total number of employees [at Oak Ridge] was 4,700, as compared with 11,400 in 1947. Personnel of the commission was reduced on average of 46 per cent between July 1, 1948 and May 30, 1949." (U. S. AEC: *Atomic Energy and Life Sciences*, op. cit.,)

"Some businessmen [in oil and chemicals] are beginning to argue: If the government's monopoly were eliminated and normal patent incentives restored throughout the atomic field, private money would flow in and development would go forward in a manner more businesslike, faster and cheaper." (*Business Week*, Apr. 10, 1948.)

Without pursuing other trains of consequences, we can confidently say that the introduction of atomic energy on a big scale in industry under the conditions of "free enterprise" economy would indeed be utopian.

Such are the dialectics of historical developments:

The Atomic Energy Act calls for "strengthening of free competition" and at the same time creates an "economy of limited profits and no risk." The AEC frankly wants to bring private enterprise into the atomic-energy industry, and at the same time it must exert itself to subjugate and control it. The businessmen seek their shares of the government's "unlimited funds" and at the same time cry about the "question of survival." Congress is afraid of the "new far-reaching economic revolution" which "will change our present way of life" and at the same time it has no other way out than to stimulate it. The war economy has stimulated the one-sided development of atomic energy but at the same time its restrictions and secrecy prevents its full development. Capitalism gives birth to the war economy and at the same time the war economy gives birth to trends which threaten basic features of the system and look in a new direction. That direction may well be the highest stage of state capitalism.

Fear of Recession Is Growing —

(Continued from page 1)

output in the United States to \$440,000,000,000.

These are a lot of figures, and it is quite easy to get lost among them. Without a breakdown of how the increased per-capita income is divided among the various income and occupational groups in the country, it is impossible to establish just what the figures mean in real social terms.

FLOOD OF CASH

But one thing is quite clear from the president's report: The expenditures of the government for armaments and for the support of the economies of other countries, both military and civil, is a tremendous prop to our own economy. The federal government's deficit will run between six and ten billion dollars for this fiscal year, which means that this is the extent to which the government will prime the pump of the economy directly through borrowing. Indirectly, it is priming the pump to the tune of between 55 and 65 billion dollars per year, though much of this is achieved by means of redirecting the flow of the national income via taxation.

Actually, to speak of government spending at these levels as "pump priming" is to use the word loosely. It would be more accurate to speak of it as a governmental flood of cash which is keeping the economy afloat at its present high level.

In an election year it is quite understandable that the president would refrain from emphasizing any of the economic dangers which lie in the country's path. The only ones he speaks of in the report are the dangers of inflation, for these can be pinned onto the coalition in Congress which wrecked most of the controls the administration sought during the closing days of the last session. But others, looking at the period ahead, are not so optimistic as is Truman.

EYES ON '53

No one is predicting an economic recession (not to speak of a depression) during the rest of 1952 or in early 1953. The rate at which arms are now being turned out means too much in wages and profits to permit a major economic decline as long as it is on the increase. The poor business conditions which have beset the textile industry and some others have not shown a tendency to spread as yet, and there are some recent indications that things have been picking up a bit even in these depressed fields during the past few months.

But there is considerable apprehension that sometime during 1953 things may take a turn for the worse.

This is thought to be probable, of course, only if the war in Korea does not spread, and if the cold war does not intensify to the point where another major increase in the rate of armament

expenditures is passed by Congress. That is, if during next year the prospects for an early war are "good," there will be no reason to fear a recession. But if the prospects for continued "peace" are about the same as they are now, things may get rather difficult on the economic level. You can pay your money and take your choice.

Taking the second alternative, the problem is this: when the level of expenditures on armaments, etc. levels off in 1953, from where will the expansion in the economy come which will be needed, to keep full employment going?

The problem is made even more difficult by the fact that during the past year of constant increases in armament expenditures there has also been an enormous private investment in plant expansion. It is estimated that this will taper off, if indeed it will not come to an almost complete stop, at just about the same time that government expenditures for arms will start declining.

FEARS VOICED

An article in *U. S. News and World Report* for June 6 entitled "52: Boom—53: Recession?" predicts the following: The annual rate of federal expenditures will drop from a high of \$66.4 billion in late 1952 to \$57.9 billion in late 1953. Over-all spending in the nation will drop from a high of \$350 billion to \$336 billion for the same periods. And at the same time, unemployment will increase from 1.6 million people to 4.7 million, or the most unemployed we have had since before the war.

These are predictions, and it would be unwise for anyone to set too much store by the exact figures. What is interesting, however, is that these are the predictions of conservative business analysts.

That they are not alone in their concern over what may happen once military expenditures begin to drop off is demonstrated by the announcement in Washington on July 17 that Secretary of Commerce Charles Sawyer has ordered a study to be made of potential markets for goods and services next year.

The news dispatch to the *New York Times* states that "Secretary Sawyer said the study would provide an appraisal of potential markets that might be stimulated to keep industry operating at peak capacity after the defense production program begins to level off around the middle of next year." It goes on to state that business executives have said that there is "considerable concern . . . among producers here as to their ability to meet price competition abroad because of the sharp rise in labor and material costs in this country under the defenseproduction program."

Nor is the CIO as sanguine about the economic future as President Truman's economic mes-

sage attempts to be. The CIO's *Economic Outlook* says that an economic recession is even likely in 1953-54.

Production and employment will fall off, predicts the current issue, if consumer spending does not rise enough to offset the expected leveling-off in military spending and the decline in construction of new plants and equipment.

"There is no widespread backlog of pent-up consumer demand now as there was after World War II," the CIO said. "Consumers do not have any substantial liquid savings as they did on V-J Day."

"There is no indication that business will change its pricing policies—to reduce prices that produce lower profit margins per

unit—as a basic means of bolstering consumer buying power. And Congress has shown a disregard for price control despite the possibility of pressure on prices."

COLD COMFORT

Are we facing, perhaps, another major depression similar to that of the 1930s? It hardly seems likely. Even at the reduced levels of government expenditures for military purposes envisaged for 1953 these expenditures will remain enormous. But the expansion of the economy, to which Truman points with such pride, presents a danger under our economic system which should not be underestimated. Each spurt forward creates not only the possibility but the necessity of further expansion, if the existing equipment is to be kept running at full capacity. And full

capacity is a necessity if the present level of employment is to be maintained.

A return to a real "peacetime" level of military spending would no doubt bring economic disaster in its wake. This is the fact about our economy which all the talk about the "new techniques" developed by American capitalism to prevent depression conveniently ignores. There is little prospect of this "peacetime" level being re-established and everyone is entitled to draw what comfort he can from this fact. But even a slackening of the pace of armament production could bring, if not full-fledged disaster, then an economic decline which could stimulate the most profound political reactions throughout the world, not least of all in the United States.

Federal Court's Passport Ruling Based on 'Due Process' Clause

Further information is now available on the important court decision handed down July 9 which attacked the State Department's passport policy. As partially reported last week in LABOR ACTION, a special 3-judge federal court, by a 2-1 vote, ruled in Washington, D. C. that the State Department's failure to provide hearings on the denial of passports was a violation of the guarantees of due process of law accorded citizens under the Constitution.

The decision was handed down by federal district judges Richmond B. Keech and Edward M. Curran in the case of Anne Bauer, a free-lance writer residing in Paris, whose passport had been revoked because the State Department said her "activities were contrary to the best interests of the United States." Circuit Court Judge Charles Fahy filed a dissenting opinion on the jurisdictional grounds that the case should not have been heard by the special court, but should have been processed in the routine manner through the federal district court. The ACLU instituted the test case last spring.

In their opinion, Judges Keech and Curran said:

"This court is not willing to subscribe to the view that the executive power includes any absolute discretion which may encroach on the individual's constitutional rights, or that the Congress has the power to confer such absolute discretion. We hold that, like other curtailments of personal liberty for the public good, the regulation of passports must be administered, not arbitrarily or capriciously, but fairly, applying the law equally to all citizens without discrimination and with due process adapted to the exigencies of the situation. We

hold further that such administration is possible under the existing statute and regulations."

The opinion noted that the executive department of the government "must necessarily be accorded wide discretion in determining when and where the protection of the United States may be extended to an American citizen travelling abroad, and that it should also have discretion to deny such protection to persons whose activities abroad might be in conflict with its foreign policy."

The question, which the court answered in the negative is whether the secretary of state has absolute discretion in passport affairs "without regard to the principles of due process and the equal protection of the law, and whether or not his discretion can be exercised arbitrarily."

The two judges said that due process does not require a judicial hearing, but merely a procedure in which the elements of fair play are accorded. "Essential elements of due process are notice and an opportunity to be heard before the reaching of judgment, but the particular procedures to be adopted may vary as appropriate to the disposition of issues affecting interests widely varying in kind."

In discussing the due-process questions in the case, the court quoted a decision from the Supreme Court which recognized

that personal liberty "includes the right of locomotion, the right to move from one place to another, according to his inclination." While the high court was there considering the freedom to move from state to state within the United States, the decision continued, "it is difficult to see where, in principle, freedom to travel outside the United States is any less an attribute of personal liberty. Especially is this true today, when modern transportation has made all the world easily accessible and when the executive and legislative departments of our government have encouraged a welding together of nations and free intercourse of our citizens with those of friendly countries. Personal liberty to go abroad is particularly important to an individual whose livelihood is dependent upon the right to travel as it is claimed by the plaintiff in this case. . . . Freedom to travel abroad, like other rights, is subject to reasonable regulation and control in the interest of the public welfare. However, the Constitution requires due process and equal protection of the law in the exercise of that control."

The ruling rejected the government's contention that the issuance and rejection of passports involve the conduct of foreign affairs and are within the province of the executive and may not be interfered with by the judiciary.

NOT IN THE HEADLINES . . .

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